As of 11 a.m. ET **DJIA** 10528.86 ▲ 0.08% **FTSE 100** 5402.41 **Closed** **Nikkei 225** 10634.23 ▲ 1.33% **Shanghai Comp.** 3188.79 ▲ 1.51% **Hang Seng** 21480.22 ▼ 0.17% **Sensex** 17360.61 **Closed** **S&P/ASX 200** 4790.85 **Closed**

Bankers prepare for potentially lucrative China deals in 2010

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Welfarism won't jump-start the Japanese economy

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THE WALL STREET JOURNAL.

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Thailand begins forced repatriation of Hmong refugees to Laos

Reuters/Royal Thai Army

A Thai policewoman holds a Hmong child refugee at Thailand's Ban Huay Nam Khao camp on Monday. Thai soldiers began deporting some 4,000 ethnic Hmong refugees to Laos despite concerns they might be persecuted for pro-American allegiances in the Vietnam War. **Page 3.**

Hong Kong sale of land signals cooling market

By Joyce Li And Nicole Ng

HONG KONG—Two prime Hong Kong residential sites were sold in an auction Monday for a lower-than-expected US$1.34 billion, in a sign that one of the world's hottest property markets is cooling off.

Analysts said the sale indicated a potential end to the market frenzy that has sent prices surging about 27% this year. Some observers welcomed the results, saying they may point toward a more stable property market next year and allay concerns over a housing bubble.

Market observers had expected the sale of the two adjacent sites, representing the first major auction of government land in two years, to draw fierce competition from land-hungry developers. But the equally sized plots in a northern area of the city called Tai Po sold for a total of 10.4 billion Hong Kong dollars, well below the average HK$11.58 billion forecast of seven surveyors and analysts polled earlier by Dow Jones Newswires.

Blue-chip Hong Kong developer **Sino Land** Co. bought the first site for HK$5.15 billion. It bought the second site for HK$5.25 billion as part of an 85%-owned consortium with **K Wah International Holdings** Ltd., which holds the remaining 15%.

The first site sold for 43% higher than the opening bid of HK$3.604 billion, while the second site sold for 46% higher than the same opening bid. The two are in a suburb that is about 17 kilometers from Hong Kong's central business district.

The prices translate to an accommodation value of HK$7,222 per square foot based on the sites' total maximum developable gross floor area of 1.44 million square feet.

"The price was very reasonable," Sino Land Chairman Robert Ng said after the auction, adding that the firm plans to develop luxury apartments and houses on the sites. Government auctioneer Chris Mills and some other market observers said the result was well within the market range.

Sino Land shares climbed 0.5% to HK$14.74 Monday. Among other Hong Kong property companies, **Sun Hung Kai Properties** Ltd. slid 1.3%,

Please turn to page 18

China's lending spigot to stay open

By Dinny McMahon

BEIJING—China's banks are gearing up to extend their flow of credit into next year to keep the economy humming, analysts say, a trend that could add to the financial challenges already facing the industry in the aftermath of a historic lending spree in 2009.

China's government hasn't announced a target for lending next year. But analysts who cover the industry expect new loans in 2010 to total seven trillion yuan to eight trillion yuan, or $1.03 trillion to $1.17 trillion. That is somewhat lower than the volume this year, when the state-owned banks responded to official economic-stimulus efforts with one of the biggest credit expansions in history, more than doubling new loans to a 9.2 trillion yuan in the first eleven months. But the expected 2010 volume would still be far above levels of previous years. New loans in 2007, for example, totaled about 3.6 trillion yuan.

Reuters

A woman walks past a Beijing branch of China Construction Bank in October. The bank sold 20 billion yuan of bonds this month.

To prepare for the continued lending binge, Chinese banks are expected to raise tens of billions of dollars through equity and debt issuance, the analysts say. The funds are needed to bolster capital levels that haven't kept pace with the explosion in loans.

Some offerings have already begun—**China Construction Bank** Corp. sold 20 billion yuan of 15-year subordinated bonds this month—and analysts say that, depending on how the central bank enforces its capital-adequacy rules, the total amount of fund raising could top that of 2006, when several of China's biggest banks had initial public offerings.

The government faces pressure to exercise some restraint on the flow of credit into the economy, given concerns that recent increases in consumer prices could flare into an inflation problem. In an interview with Xinhua news agency Sunday, Premier Wen Jiabao said that it would be good if the scale of credit wasn't so large, and praised the government's efforts to improve credit allocation in the second half of the year,

Please turn to page 18

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* * *
Business & Finance

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■ **U.S. stocks rose** on firmer copper prices and reports of stronger-than-expected holiday shopping. In Asia, the Nikkei closed at a four-month high. **27**

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■ **China Minmetals agreed** to take a 51% stake in Hunan Nonferrous, as China's nonferrous-metals industry starts to consolidate. **22**

■ **Japanese industrial output** rose for the ninth straight month in November on increased production of cars for export, but retail sales fell. **5**

■ **Singapore extended** by a year financial support for companies that it put in place during the global crisis. **5**

■ **Thailand revised upward** its economic growth forecast for next year to 3.5%, signaling confidence of a sustainable recovery. **5**

■ **Asean will launch** a $120 billion currency-swap facility on March 24 to ensure enough U.S. dollar liquidity is available during financial crises. **20**

■ **Bankers in the U.K. are** scrambling to understand several aspects of how a new tax on bonuses will work. **23**

Departures
Put liquids, gels, creams and pastes inside a plastic bag
No large bags allowed through security
Departure gates

Reuters

Passengers line up to go through security checks at London's Gatwick airport on Monday. Airports and airlines across Europe have moved quickly to tighten security on U.S.-bound flights after a man tried to set off explosives on a plane flying from Amsterdam to Detroit on Christmas.

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■ **Putin opened** an oil-export terminal that will serve as a gateway for Russian exports to Asia. **22**

* * *
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■ **Iranian opposition Web sites** reported the arrest of several prominent reformists, including aides to opposition leaders, a day after clashes killed at least eight people. **6**

■ **A suicide bomber struck** a religious procession in Karachi, killing at least 25 people in the latest attack on the minority Shiite Muslim community. **6**

■ **Vietnam convicted** of subversion a former army officer who pushed for democratic reforms, and sentenced him to five and a half years in jail, sending dissidents a sharp warning. **4**

■ **Japan's finance minister** was hospitalized due to fatigue caused by weeks of work compiling the next fiscal year's national budget. A Finance Ministry official said Hirohisa Fujii, 77, didn't have any serious health problems. **4**

■ **Somali pirates released** a Chinese cargo ship and 25 sailors they held for two months after receiving a $4 million ransom.

■ **Israel will build** nearly 700 new apartments in east Jerusalem, drawing tough criticism from both the Palestinians and the U.S., which denounced the plan as an obstacle to peacemaking.

■ **The attempted bombing** of Northwest Flight 253 is sparking calls to rethink how authorities and airlines handle security. **7**

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"If you were to pick anywhere on earth today to be doing growth-oriented investing, I don't think you can find a better place than China."

Xiaodong Jiang, a managing director with NEA

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WORLD NEWS

Bangkok asked to stop repatriations

As Thai army starts to move 4,000 Hmong refugees back to Laos, the U.S. says many could face threats at home

By James Hookway

BANGKOK—Thailand is coming under increasing pressure to stop the forced repatriation of 4,000 ethnic Hmong to Laos, amid rising fears that many of the refugees might face persecution for their pro-American allegiances during the Vietnam War.

U.S. lawmakers have warned that the mass, army-driven eviction could damage military ties between Washington and Thailand, a strong American ally in Southeast Asia, while human-rights groups and the U.S. government have urged Bangkok to stop the repatriation.

Thai soldiers on Monday began rounding up and evicting Hmong hill-tribe members at a refugee camp in Petchabun, 320 kilometers north of Bangkok. Many of the asylum seekers fought or are relatives of those who fought in a secret war under the command of Central Intelligence Agency advisers in order to prop up a pro-American government in Laos during the Vietnam War.

Thai officials said many of them are already on their way by bus to Thailand's border with Laos.

The Hmong say they have been mistreated in Laos since the country fell to the Communists in 1975 and many have sought protection in Thailand before being resettled in the U.S. and elsewhere. More than 300,000 have fled to Thailand since the war, with many of them eventually settling in the U.S.

However, the Thai government says most of the 4,000 Hmong in the overcrowded Petchabun camp are more recent migrants seeking a higher standard of living in Thailand.

Thai officials say they have secured guarantees from Laotian officials that the refugees won't be harmed upon return. Laotian officials, who previously have said they don't consider Hmong tribespeople to be Lao citizens, couldn't immediately be reached for comment, but Laos Foreign Ministry spokesman Khenthong Nuanthasing told the Associated Press that the refugees would be resettled in two villages and that international observers would be free to inspect them.

Some of the strongest criticism for the repatriation came from Washington.

"The United States strongly urges Thai authorities to suspend this operation," State Department spokesman Ian Kelly said in a statement. He noted that the United Nations—and, previously, Thailand itself—had declared that many of the refugees were "in need of protection because of the threats they might face in Laos."

U.S. Senator Patrick Leahy (D., Vt.) said in a statement Sunday that the eviction "could badly damage the Thai military's reputation, and put our military collaboration at risk." He is among nine senators who wrote Thai Prime Minister Abhisit Vejjajiva earlier in December to oppose repatriation of Hmong asylum-seekers.

New York-based Human Rights Watch on Monday called the deportation order "appalling." Thailand faced stiff criticism earlier this year after its armed forces towed refugees on barges out to sea from Myanmar to fend for themselves.

Antonio Guterres, the U.N. High Commissioner for Refugees in Geneva, also called for Thailand to stop the deportations, saying they would "not only endanger the protection of the refugees but set a very grave international example."

Sweden, president of the European Union until Dec. 31, said it was "dismayed" by the forcible repatriation. It said the EU considers the involuntary deportation "a serious violation of the customary international law principle" that refugees shouldn't be returned to their home countries if they face persecution or threats.

Human-rights activists have warned that Hmong resistance to repatriation could lead to clashes with the Thai army. Journalists were excluded from an 11-kilometer perimeter, and it wasn't immediately clear if repatriation was progressing peacefully.

The Thai army's coordinator for the deportation, Col. Thana Charuwat, told reporters that 5,000 soldiers and officials were involved, and that 2,100 refugees had already agreed to leave. He said he hoped the deportations, which began early Monday, would be complete within days.

Mr. Abhisit told reporters the operation "went very well." "There was no resistance from the Hmong, and we will try to send them all back," he said. The prime minister said Thailand received "confirmation from the Laotian government that these Hmong will have a better life."

Reuters

Ethnic Hmong refugees wave farewell from a truck before being deported to native Laos from the Petchabun camp in Thailand despite international outcry.

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Reuters/Handout

Tran Anh Kim, a former Vietnamese army officer, is seen on closed-circuit television in the dock of a provincial court south of Hanoi, where he was sentenced Monday on charges of subversion for his pro-democracy activities.

Crackdown in Vietnam

Conviction, sentence of decorated officer sends warning to dissidents

By James Hookway

Vietnam convicted a former army officer who pushed for democratic reforms of subversion on Monday, sentencing him to 5½ years in prison and sending a stark warning that the room for political dissent is quickly shrinking in this rigorously controlled Communist state.

The brief trial of Tran Anh Kim—the court hearing in northern Thai Binh province began in the morning and was over by lunch—is the first in a series of prosecutions against pro-democracy and human-rights activists in Vietnam. Four more people, including prominent human-rights lawyer Le Cong Dinh, were charged with subversion last week and potentially face the death penalty for allegedly attempting to undermine the state by promoting democratic freedoms.

Political analysts say the crackdown comes at a time when hardliners in ruling Communist Party are rolling back the few freedoms they allowed as Vietnam's economy rapidly expanded over the past decade.

Authorities had often turned a blind eye to criticism and allowed a greater degree of freedom for religious groups, as they worked to smooth Vietnam's entry into the World Trade Organization in early 2007.

However, Vietnam's economy suffered a destabilizing bout of inflation in 2008 and its exports were badly rocked by the impact of the global economic crisis. The government's response has been to uproot dissent to prevent Vietnam's economic problems from weakening the Communist Party's hold on power, analysts say. Many expect the repression to deepen ahead of a party congress in January 2011. A congress takes place every five years and is often the focus of conflict between the party's reformist and conservative wings.

Mr. Kim, a 60-year-old former lieutenant colonel, fell foul of the dragnet when authorities accused him of joining Bloc 8406, an organization that promotes multiparty democracy—an illegal act under Vietnam's constitution, which reserves power solely for the Communist Party. Prosecutors also said Mr. Kim posted pro-democracy articles on the Internet and joined the outlawed Democratic Party of Vietnam.

During the trial, the Associated Press reported that Mr. Kim, who won three military-service medals during the Vietnam War before being dismissed from the army and expelled from the Communist Party for alleged financial mismanagement, told the court he stood up for his beliefs and for campaigning against corruption.

"I am a person of merit," the AP quoted him as saying. "I did not commit crimes."

Foreign media and diplomats were allowed to follow Monday's court proceedings by closed-circuit television. The presiding judge, Tran Van Loan, said when announcing the sentence that Mr. Kim had helped organize crimes against the state and cooperated with "reactionary Vietnamese and hostile forces in exile."

Mr. Kim could have faced the death penalty, but prosecutors sought a more lenient sentence because of his military record. His conviction came less than a month before the trials of the human-rights lawyer, Mr. Dinh, and three other activists are due to begin.

Japan finance minister hospitalized

By Takashi Nakamichi

TOKYO—Japanese Finance Minister Hirohisa Fujii was hospitalized early Monday to rest and undergo examinations due to fatigue caused by weeks of work compiling the next fiscal year's national budget, a Ministry of Finance official said.

The official said Mr. Fujii, 77 years old, didn't have any serious health problems, and added that the finance minister will return to work if necessary.

"He seems to be tired after the arduous task of compiling the budget," the official said. "His blood pressure is a little high, and he has decided to be hospitalized to rest as well as to have his health examined."

The official said Mr. Fujii's length of stay hasn't been determined.

Japan's record 92.299-trillion-yen (about $1.011 trillion) national budget for the next fiscal year, beginning April 1—approved by the cabinet on Friday and expected to be submitted to parliament next month—contains more funds aimed at boosting consumer spending, such as payments to families with children.

Getty Images

Japanese Finance Minister Hirohisa Fujii attends a meeting last week.

The budget has become key to the administration of Prime Minister Yukio Hatoyama, who has seen a significant drop in public-opinion polls amid increasing public uncertainty over the economy. The consumer-spending efforts are intended to revitalize Japan's sluggish domestic scene, but economists worry that it will exacerbate Japan's already considerable public deficit.

Mr. Fujii became Japan's finance minister in September, after the Democratic Party of Japan defeated the Liberal Democratic Party in an Aug. 30 election, ending more than 50 years of almost unbroken LDP rule.

Mr. Fujii has several deputies at the finance ministry who can handle policy decisions in his absence, including any foreign-exchange-related measures.

—Kenneth McCallum contributed to this article.

中国实时报

CHINAREALTIMEREPORT

The Wall Street Journal's China Real Time Report **(http://blogs.wsj.com/chinarealtime)** *this past week looked at finger-pointing after Copenhagen, a book debunking the 'Chindia' theory and an unexpected Christmas greeting. Excerpts:*

Copenhagen aftermath: Hot air swirls around

The finger-pointing for the meeting's failure to reach a binding accord on climate change lives on.

The U.S. has taken plenty of blame, but so has China, accused by some of obstructing the talks to reach an accord over technicalities. Even Gordon Brown has pointed the finger at China (and the U.S., who together account for 40% of the world's carbon emissions).

But China isn't taking this all sitting down. In an unusual indication of the growing media savvy of the Chinese regime, China's consular officials in the U.S. have been forwarding the Chinese version of events to American journalists.

Accompanying the report by the state-run Xinhua news agency about Premier Wen Jiabao's efforts, is a note saying: "I strongly recommend this story to the U.S. public, for a better understanding of the importance of Sino-U.S. co-operations on the climate issue and a clearer view of the Chinese stand upon this issue."

The Xinhua story about Wen's trip to Copenhagen portrays him as a selfless hero, struggling to protect the interests of poor nations and shocked by the rudeness of others toward China as he struggled to reach a consensus.

China had portrayed the Copenhagen talks as a make-or-break moment. Many critics say China's insistence on leaving out absolute limits is what gutted the final agreement.

With Copenhagen widely seen as a failure, and China as the main culprit, China's propaganda workers are in overdrive trying to spin the story . As climate talks are likely to drag on, there'll be plenty of chances to fine tune the message if not the matter.

—Shai Oster

Disputing 'Chindia' theory

Clash, not collaboration, is the likely trajectory for China and India, says Belgian political scientist Jonathan Holslag.

In his book, "China and India: Prospects for Peace" ($37.50, Columbia University Press), Holslag throws cold water on the notion of "Chindia"—a celebration of the interdependence of the world's two most populous nations.

The Chindia theory has supporters. Optimists point to 3,000 years of relations, cultural exchanges and similar aspirations as reasons to see mutual reinforcement of India and China, as they together provide fuel to the world economy.

However, Holslag doubts that the two countries are developing "a division of labor"—India as service provider and China as manufacturer. He sees India and China as rising military rivals not only with entrenched border disputes but also as the major powers in a "belt of insecurity."

Holslag says he sees deep "negative mutual perceptions" between Indians and Chinese, a serious trust deficit that limits the likelihood that pockets of economic and political interdependence will produce friendship.

—James T. Areddy

Wuxi Christmas greeting

This reporter received just one Christmas greeting card in the regular mail. The interesting part is that the person helping sustain the dying—but still touching—tradition of sending cards was a Chinese government bureaucrat.

The card was signed by Cai Dagang, director of the Foreign Affairs Office of Wuxi municipality. I don't recall having met Mr. Cai. A several minute stop at the Wuxi railway station on a Nanjing-bound train may have been my only visit to the city.

Of course, Christmas isn't a holiday in China. So any card is an unexpected pleasure to receive.

Mr. Cai's card (shown below) is both traditional Christmas and sinified. There's no claim to have saved forests or donated to charity, nor does it flag wave for Wuxi. It's a simple old-time message in English: "Merry Christmas & Happy New Year."

Attempts to phone Mr. Cai weren't successful. The number on the name card he put in the greeting connected to a recording.

Mr. Cai did email back, and said he'd welcome a longer visit to Wuxi "rather than just stay at the train station a few minutes."

—James T. Areddy

The only greeting card in a reporter's regular mail was from a Chinese bureaucrat.

Japan's output rises for ninth month

By Takashi Nakamichi

TOKYO—Japanese industrial production rose for the ninth straight month in November on increased output of cars for foreign customers, but the nation's retail sales continued to fall, signaling that Japan's economic recovery remains fragile.

Data released Monday by the Ministry of Economy, Trade and Industry showed that output at Japanese factories and mines gained a seasonally adjusted 2.6% last month from October.

Strong production of cars to meet U.S. and Asian demand, and the resulting need for various automobile parts, helped drive manufacturing activity in November, a government official said.

The output data are likely to reinforce expectations that recovery in overseas demand, driven by efforts of various governments to pull their economies out of the global slump, could help prevent Japan's economy from sliding back into recession after two straight quarters of growth through September.

"The upward trend in output may continue into next year thanks to demand from China and the U.S.," said Norio Miyagawa, an economist at Shinko Research Institute.

November's increase in output exceeded a 2.3% climb expected by economists polled by Dow Jones Newswires and the Nikkei, and represented the strongest rise since a 5.7% surge in May. The figure also marked the ninth consecutive month of expansion, the longest stretch of growth since the 12-month run through March 1997, according to the government official.

In addition, manufacturers told the ministry in the survey that they expect their output to rise 3.4% in December and then grow 1.3% in January, according to the data. That lifts the odds of a sustained rise in production because manufacturers produce most of Japan's industrial goods.

But other data issued Monday also showed that despite Tokyo's own continued efforts to stimulate its economy, Japan's domestic demand remains weak, keeping the nation's overall recovery vulnerable to potential slowdown in overseas growth.

Japanese retail sales fell 1% in November from a year earlier, marking the 15th straight month of decline, data from the trade ministry showed. While sales of automobiles jumped by 21.1%, those of clothing slipped 1%, food and drink fell 4.1% and energy dropped 2.2%, the data showed.

"Industrial output is the main growth driver of Japan's economy, so the chance of a double-dip recession is slim," said Toshihiro Nagahama, chief economist at Dai-ichi Life Research Institute.

"But with bonuses and salaries falling, the domestic demand side of the economy is rather likely to deteriorate from here," the economist said. "That means that Japan's economy will lose steam if overseas economies take a turn for the worse."

—Megumi Fujikawa and Miho Nakauchi contributed to this article.

Japan's industrial production

Seasonally adjusted change from previous month

Sources: Japan's Ministry of Economy, Trade and Industry; European Pressphoto Agency

Right: A worker selects pieces of copper and aluminum this month in a Kanto Eco Recycle Co. plant in Ohira, about 80 kilometers north of Tokyo.

Thailand raises 2010 forecast

By Phisanu Phromchanya

BANGKOK—Thailand Monday revised its economic growth forecast for next year up to 3.5%, signaling confidence that the recovery spurred by government stimulus spending and a rebound in private consumption is sustainable.

Fiscal Policy Office Director-General Satit Rungkasiri said the ministry also expects gross domestic product to contract 2.8% this year. In September, the ministry forecast a 3% contraction this year and 3.3% growth in 2010.

In a statement, the Ministry of Finance said economic conditions improved "due mainly to the effect of fiscal-stimulus measures and recoveries in private spending as well as global economies."

Many nations are revising growth forecasts as industrial output improves with rising demand for goods, indicating that the global recovery is taking hold.

Still, risks include the unpredictable pace of the global rebound, higher oil prices, delays in resolving a court-ordered suspension of projects on environmental grounds and domestic political uncertainty, Mr. Satit said.

The updated forecasts have already factored in the effects of the suspension of 65 projects at Thailand's Map Ta Phut industrial estate, the ministry said.

This month, the Supreme Administrative Court ruled that 65 of 76 projects at Map Ta Phut industrial estate must remain suspended. Environmentalists argued that the permits approved by the government violated the constitution.

The ministry said should the government be able to resolve the Map Ta Phut case quickly, disburse more than 80% of its approved stimulus package while maintaining economic and political stability, GDP could grow at the high end of its forecast range of 3.0% to 4.0% next year, the statement said.

The ministry said its GDP projections were based on the assumption that the central bank's policy rate will remain in a 1.25% to 1.75% range, while the exchange rate will be between 32.0 baht and 34.0 baht to the U.S. dollar. Currently, its main policy rate is 1.25%.

Singapore extends key loan program

By P.R. Venkat

SINGAPORE—Singapore Monday extended by a year financial support for companies that it introduced during the global crisis.

The move will direct up to 8.4 billion Singapore dollars ($6.0 billion) to spur a recovery in commercial lending and ensure companies in need of financing can get loans. It signals that the export-dependent island state—one of the hardest hit nations in Asia by last year's financial crisis—may maintain an accommodative fiscal stance to support the recovery.

"As the economy makes the transition from recession to growth, the government will ensure that there continues to be financing support for small businesses," Kwek Mean Luck, Deputy Secretary (Industry), Ministry of Trade and Industry said.

The new plan will take effect from February 2010 to the end of January 2011.

Singapore emerged from recession in the third quarter, when the economy expanded 14.2% on quarter in seasonally adjusted annualized terms. The government expects the economy to contract between 2% to 2.5% this year, but rebound sharply in 2010, posting growth of much as 5%.

The extension of the credit support through the so-called Special Risk-Sharing Initiative indicates the government will take a cautious approach to withdrawing fiscal support for the economy. Like in other nations, fiscal spending played an important role in lifting Singapore out of its slump. In January, the government introduced a S$20.5 billion stimulus package. Authorities around the world have said that removing fiscal support from their economies too abruptly could invite renewed recession.

Singapore will fund the extended financing program with tax and other revenue such as land sales instead of tapping reserves from previous budget surpluses. The January stimulus package was noteworthy in part because the government funded it partially with past reserves, a first for the country.

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For Iran, release of hikers might be just what it needs

[Capital Journal]

By Gerald F. Seib

A troubled Iran, its streets still ringing with the shouts of antigovernment protests, obviously has a serious domestic problem. But it also has an international problem: Its arrests of dissidents in an attempt to stop that unrest are straining the confidence of even sympathetic nations.

At this point, then, Iran's leaders might welcome a chance to make a gesture to rebuild their image with the world community. As it happens, such a simple step is easily available: Tehran could free three young American hikers who have been sitting in an Iranian prison for five months.

The three were detained after they allegedly crossed an unmarked border by mistake while hiking in northern Iraq and wandered into Iranian territory. For that, they have been held for 150 days, and are marking their holiday season in Iran's Evin Prison.

Rallies have been held, petitions have been signed, a Facebook page established to seek their freedom. A Web site set up on their behalf, freethehikers.org, counts the days, hours and minutes since they were detained.

More importantly, the U.S. government, publicly and privately, has sought their release. The Swiss government, which represents American interests in Tehran in the absence of diplomatic relations between Washington and Tehran, has pursued the case as well. The prime ministers of Germany and Sweden have made overtures on their behalf, as has the president of the European Union.

Other countries have reached out to Iran privately. Their detention, in other words, has become an international irritant, at a time when Iran hardly needs more of those.

Yet rarely have there been three people whose profiles make them less likely to be caught up in an international incident. All three are recent graduates of the University of California at Berkeley, and, as a visit to their Web site amply illustrates, they are the very pictures of innocents abroad.

Sarah Shourd lives in Damascus, Syria, where she teaches English while working on her own Arab language skills and helping refugees from the Iraq war who have ended up in Syria. She took a week's break from her teaching responsibilities to go hiking with her friends. Shane Bauer, a fluent Arabic speaker, also lives in Damascus, where he works as a freelance journalist and photographer. Josh Fattal had just last spring finished a stint as a teaching assistant in a global international honors program for college students that had taken him in his final assignment to South Africa.

The three friends, in other words, are all young and idealistic, but experienced, world travelers. In July, say family members, they headed for Turkey to begin what was to be an eight-day, midsummer hiking break. Their destination was Iraqi Kurdistan, the scenic area of northern Iraq that borders both Turkey and Iran.

In recent years, Kurdistan has become an increasingly popular place for Western tourists. They had camped out near a waterfall close to the Iranian border when, on July 31, a fourth hiker who was to meet them there got a call from the group.

The three had been surrounded by people who weren't speaking Arabic, they reported, and they were being taken into custody. Since then, their families have been largely in the dark. Just a few days ago, they hired a prominent Iranian attorney to work for their release. Iranian officials have said the three are under "investigation," but they've been charged with nothing.

The profiles and backgrounds of the hikers make it so abundantly clear they were travelers who went astray that it begs the question of why Iran holds onto them. An Iranian prosecutor a few days ago seemed to draw a vague parallel between the hikers and 11 Iranians Tehran claims are being held in the U.S. "The Americans should know that there are 11 Iranian nationals in U.S. prisons. We hope the Americans are treating them based on regulations," the official IRNA news agency quoted prosecutor Abbas Jafari Dowlatabadi as saying.

But it's doubtful that all those on Iran's list actually are being held by the U.S.; some seem to have defected voluntarily, and others went missing in other countries. In any case, the scientists, diplomats and military officials on that list have little in common with three young hikers.

Rather than representing bargaining chips of some kind, the hikers may better be seen as offering Iran an opportunity. International opinions have moved decidedly against the government in Tehran in recent weeks, and this week's wave of arrests of protesters and prominent dissidents will exacerbate te trend. Meanwhile, an agreement Iran reached to send some of its low-enriched uranium abroad for reprocessing into safe reactor fuel—as opposed to material for nuclear weapons—seems to be falling apart.

Without some change in the dynamic, a move at the United Nations Security Council to impose more economic sanctions is in the offing. Logically, what Iran ought to be seeking to avoid more confrontation is some path for starting to build confidence abroad. Freedom for three innocents now sitting in Tehran's Evin Prison would be a logical step down that path.

Iran reformists arrested

Opposition sites say ex-minister among those detained after protests

By Chip Cummins

DUBAI—Iranian opposition Web sites reported Monday the arrest of several prominent reformists, including aides to opposition leaders and a former foreign minister, a day after clashes killed at least eight, the deadliest day of protests since the summer.

According to the opposition site RaheSabz, authorities early Monday arrested Ebrahim Yazdi, Iran's onetime foreign minister. He has led a banned but tolerated reform group. The site also reported the morning round-up of top aides to leading opposition figure Mir Hossein Mousavi, including his chief of staff, a top adviser, his presidential-campaign chief and the head of Mr. Mousavi's Web site.

Security forces stormed a foundation run by reformist former President Mohammad Khatami, arresting two people and carting away documents, a foundation official told the Web site Parlemannews. By nightfall Monday, Tehran's streets appeared mostly peaceful, with no reports of significant clashes.

The arrests were the latest response by the regime of Supreme Leader Ayatollah Ali Khamenei and President Mahmoud Ahmadinejad to more than six months of festering domestic unrest. The government unleashed a heavy-handed crackdown on protesters Sunday, after treading lightly in recent months against sporadic protests.

Iranian officials warned last week of a harsher crackdown if protests continued. Iranian authorities didn't address specific arrests cited by the opposition Monday. But state media on Sunday quoted officials saying Iranian authorities had arrested a number of "terrorists."

Brig. Gen. Masoud Jazayeri, deputy commander of Iran's armed forces, on Monday told Press TV, the English-language state-backed media outlet, that the protests were the "actions of a group of hooligans" and another "low act."

Opposition supporters said late Sunday they documented at least eight deaths in Tehran alone during the day's clashes. On Monday, Iranian state media confirmed eight deaths nationwide, but said the fatalities weren't caused by Iranian security services.

Opposition sites reported Sunday that police opened fire at one point into a crowd of protesters, killing at least four. Hospitals reported dozens of injuries.

Monday's dragnet follows a stinging denunciation of Sunday's violence by another top opposition leader, Mahdi Karroubi, earlier in the day. Mr. Karroubi, along with Mr. Mousavi, ran unsuccessfully against Mr. Ahmadinejad in June elections. Opposition supporters allege those polls were rigged. The government has said the vote was fair.

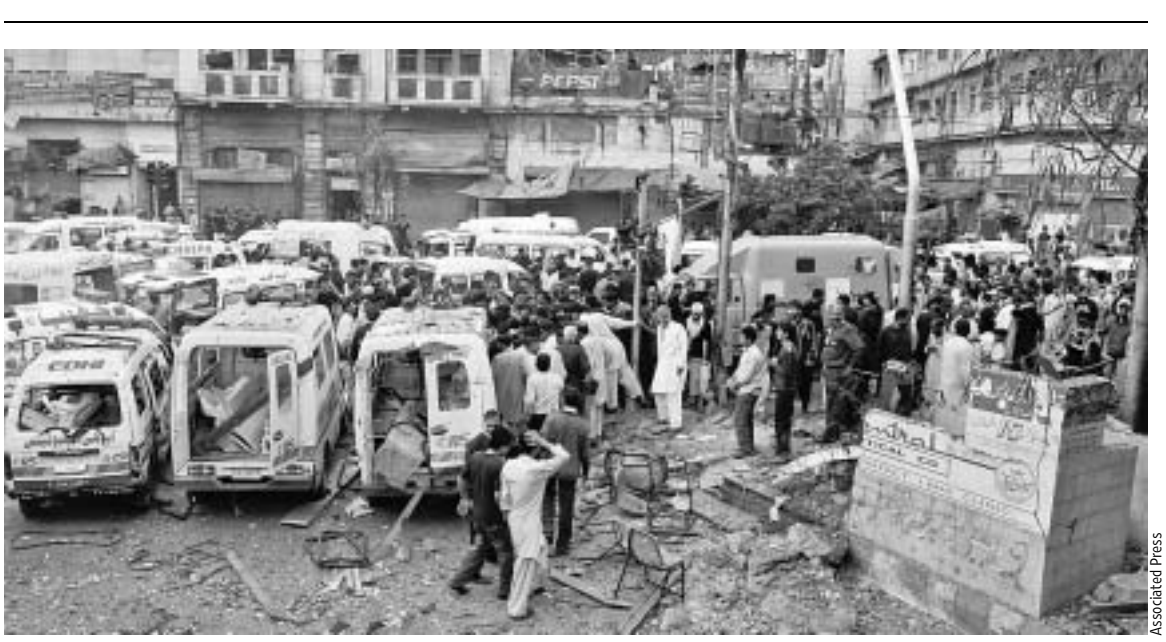
In another posting Monday on RaheSabz, the cleric, who has lashed out at the regime in increasingly harsh language, said even the former, ousted government of the shah had respected the holy day of Ashura, the climax of a 10-day Shiite commemoration that fell on Sunday. The crackdown by police appeared to break Shiite Muslim tenets against violence on the holy day.

Following the death of dissident cleric Grand Ayatollah Hossein Ali Montazeri earlier this month, protests spread from cities to towns.

One of the protesters slain on Sunday was the nephew of Mr. Mousavi, Iran's top opposition leader, according to Mr. Mousavi's official Web site. On Monday, two opposition Web sites, citing the brother of the deceased, Seyed Ali Mousavi, reported the nephew's body was missing.

Reza Mousavi, Ali Mousavi's brother, said the body had been taken from the hospital where it was brought Sunday, according to the Web site Parlemannews. The family had been expected to hold Mr. Mousavi's funeral Monday.

Press TV said that the eight officially confirmed deaths were under investigation and that dozens of security forces were injured.



Associated Press

Ambulances arrive at the site of Monday's bombing in Karachi, Pakistan, which struck a Shiite Muslim procession.

Karachi suicide bomb kills 25

By Zahid Hussain

KARACHI—A suicide bomber struck a religious procession here Monday, killing at least 25 people in the latest attack on the minority Shiite Muslim community.

The bomber blew himself up before thousands of people processing through the city to mark the holy day of Ashura, police said.

The blast in Pakistan's business center touched off mayhem, with hundreds of people scrambling for safety. Witnesses and police said the streets were littered with body parts.

The attack occurred despite heavy security. More than 10,000 police and paramilitary troops had been deployed to prevent incidents on the day most holy to Shiites, who make up about 15% of Pakistan's population.

At least 25 people were killed in the blast and about 50 others wounded, Interior Minister Rehman Malik said.

Waseem Ahmed of the Karachi police said some children as young as eight years old were among the victims. There hasn't been any immediate claim of responsibility. Police say they suspect Islamic militants were behind the bombing.

Taliban loyalists fighting the military in northwestern Pakistan have claimed responsibility for previous attacks in other Pakistani cities. The militants consider Shiite Muslims infidels and have targeted their religious places and gatherings.

Monday's procession was commemorating the seventh-century death of the Prophet Muhammad's grandson. Shiites mourn the death every year on the tenth day of the Islamic holy month of Muharram.

Riots erupted after the blast as protesters set fire to dozens of vehicles and buildings and attacked police. Intermittent gunfire also was reported as the rampage spread to other parts of the city.

Mustafa Kamal, Karachi's mayor, said the attack was part of an attempt to disturb the peace in the country's commercial and financial hub. Until recently, the city had been relatively peaceful, although militant violence has been spilling over from the northwest region to many cities.

Monday's blast was Karachi's second attack in 24 hours on a Shiite religious gathering. Late Sunday, about 30 people were wounded in a smaller explosion at a Shiite procession in a middle-class neighborhood.

Reuters

Police officers stand watch Monday inside the main terminal of an airport in Hamburg, Germany. Airports and airlines world-wide have increased security screenings.

Attack spurs security probe

By Daniel Michaels

The failed attempt to detonate an explosive device onboard Northwest Flight 253 is sparking new calls to rethink how authorities and airlines handle aviation security.

Reassessments also followed the terrorist attacks of Sept. 11, 2001, the abortive effort of "shoe bomber" Richard Reid to blow up an airliner in December 2001, and the discovery in the U.K. in 2006 of a plot to blow up jetliners using liquids smuggled onboard. Each event dramatically changed the screening of passengers, baggage and air cargo.

The latest incident is likely to focus attention on African airport security, as flights from the resource-rich continent increase amid instability and regional conflicts in many countries.

The recent attack, in which a Nigerian man traveling from Lagos through Amsterdam is alleged to have ignited an improvised bomb on a flight bound for Detroit, raises particularly difficult aviation-security issues. Dutch authorities said Monday that they will complete an investigation by Wednesday into how the passenger carrying explosive materials was allowed to board the flight in Amsterdam on Friday.

The man, Umar Farouk Abdulmutallab, carried small amounts of powder and liquid on board the jetliner, according to officials. Aviation-security regulators have long known that small quantities of dangerous substances can elude even advanced screening, so they have set rules that tried to ensure terrorists couldn't sneak enough on board to seriously damage an airplane.

Politicians and security experts now are urging governments to install more advanced scanning equipment, but also to emphasize in-person assessments of passengers, known as profiling.

Air-security experts caution that well-prepared attackers can still avoid detection. "There's no silver-bullet technology, so we need to use behavioral analysis to select people for additional screening," said Norman Shanks, an aviation-security consultant in England.

Such analysis looks at how people act, how they paid for their tickets—Mr. Abdulmutallab's ticket was paid for in cash, often a red flag—and a variety of other factors. People identified as unusual in some way are flagged for more-detailed physical screening. The U.S Transport Security Administration has also expanded training of so-called Behavior Detection Officers to analyze passengers at airports and boarding planes.

Some critics say the approach isn't sufficiently precise. Supporters say it has long been used effectively by law enforcement agents who size up passengers at the end of their journeys. "Customs and immigration officials find people doing illegal things getting off planes every day," said Philip Baum, who runs Green Light Ltd., an aviation security training firm based in London. "There's no reason we can't find them as they get on."

Mr. Abdulmutallab faced some questioning during the security check before boarding the Northwest flight in Amsterdam, as required by TSA rules. Investigators are now assessing how he was questioned and searched, according to the Dutch Justice Ministry.

Dora Akunyili, Nigeria's information minister, defended the airport security in Lagos. "If you say Lagos is corrupt, so is Amsterdam," she said Sunday in an interview with The Wall Street Journal. "Our airport is not corrupt."

Later, at a hastily called news conference, she said the international airport at Lagos had passed muster from the U.S. TSA this year. "However, in the light of the new developments, we have reinforced our security systems in all our airports," she said. She offered no further details.

—John Miller, Sarah Childress, Doug Cameron and Sudeep Reddy contributed to this article.

Suspect's privileged lifestyle turns radical

By *Sarah Childress, Jay Solomon and Stephen Fidler*

Umar Farouk Abdulmutallab's life until mid-2008 reflected his lofty status as the son of a prominent Nigerian banker, with a prestigious education and luxury apartment in London. After graduating from a prominent London university that June, however, Mr. Abdulmutallab soon began showing signs of trouble.

After a stopover in Dubai to continue his education, he defied his family's wishes and went to Yemen, vowing to study Arabic and Shariah law. An attempt to re-enter the U.K. in May was denied by border officials who said the college at which he was applying to study was of questionable legitimacy. Authorities haven't named the college.

After denying the visa, the U.K. put him on a watch list, standard procedure when such individuals are refused a visa, a spokeswoman said.

When his father, Nigerian banker Alhaji Umaru Mutallab, threatened to cut his son off from funding, Mr. Abdulmutallab is said to have replied that he was "getting everything for free" regardless. Finally, Mr. Mutallab told American and Nigerian officials that he feared his son had been "radicalized" during trips outside the West African country.

Authorities in the U.S., Europe and Africa are scrambling to understand where Mr. Abdulmutallab has been in the past year and a half and with whom he associated on the road to Friday's attempted bombing.

In 2005, Mr. Abdulmutallab enrolled at University College London, receiving a mechanical engineering degree in 2008. Public-records database192.com indicates that an "Umar Mutallab" lived at an address in the upscale Marylebone neighborhood in a building that, over the weekend, was being combed for evidence by Britain's Metropolitan Police Service. Two other people with the same surname are listed at that address.

About the time he graduated, Mr. Abdulmutallab was issued a multi-year visa allowing him to travel to the U.S., and he apparently traveled to Houston, officials say.

In May, Mr. Abdulmutallab attempted to regain entry to the U.K. by seeking a student visa. According to U.K. officials, the request was denied because officials took issue with the unnamed educational establishment he applied to attend.

Mr. Abdulmutallab recently told his parents he wanted to go to Yemen to study Arabic, said Dora Akunyili, Nigeria's information minister. Mr. Abdulmutallab was expected to graduate from the Dubai university in December, and his father pleaded with him to finish the degree, she said.

The young man went to Yemen anyway. In November, he told his parents he planned to stay in Yemen for several years, and study Shariah law. Mr. Mutallab received a final text message from his son in November saying he no longer wanted to have any contact with his family, Ms. Akunyili said.

Mr. Mutallab and his wife applied for a visa to Yemen, and planned a trip to bring their son home. When the visa was denied, Mr. Mutallab reported his son to Nigerian and U.S. authorities. Ms. Akunyili said it wasn't yet clear what the Nigerian security officials had done with the information from the father. It is also unclear whether his son was on any Nigerian watch lists.

Watch lists for terrorism under scrutiny

WASHINGTON — President Barack Obama's order to review the databases used to track terrorism suspects and keep them off airplanes comes amid growing concerns about those systems from lawmakers in both parties.

By *Cam Simpson, Evan Perez and Siobhan Gorman*

Lawmakers questioned watch-list policies Sunday after a Nigerian man who had been on such a list tried unsuccessfully to bring down a trans-Atlantic jetliner carrying 278 people Christmas Day.

"We have to have a better process to decide which people to move to the 'no-fly' list and which" should have secondary screening at airports, Rep. Jane Harman (D., Calif.), chairwoman of a House homeland security subcommittee on intelligence, said in an interview. "This is a learning experience. There was a failure."

The databases used for such tracking are managed by numerous intelligence and law-enforcement agencies, including the Federal Bureau of Investigation, the Director of National Intelligence and the Department of Homeland Security. They have been criticized for being overly broad—barring musicians, lawmakers and toddlers from jetliners—and for not being broad enough to keep suspected radicals out of the U.S., or off planes.

Officials said Umar Farouk Abdulmutallab, the 23-year-old suspect, received a visa at a U.S. consular outpost in London in 2008 allowing him to repeatedly enter the U.S.

In November 2009, officials said he was added to an entry-level, or preliminary, terrorism watch list maintained by the government. That came after his father warned officials at the U.S. Embassy in Nigeria that the young man had become radicalized by Islamic extremists. The father also warned that his son might be in contact with terrorist groups.

Mr. Abdulmutallab's entry onto the first list, called the Terrorist Identities Datamart Environment, essentially meant U.S. intelligence officials had opened a file on him, authorities said. There are more than 550,000 names on that list, which are shared across the government.

But authorities didn't have enough credible or derogatory information to elevate him to a narrower, more serious list of terrorism suspects, Homeland Security Secretary Janet Napolitano said Sunday on NBC.

Lawmakers want to know why his entry into the first terrorism database didn't automatically prompt a review of his visa status, or why he didn't get more serious scrutiny, which could have led to him being elevated. With more screening, Mr. Abdulmutallab could have landed in a smaller database of 400,000 names, called the Terrorist Screening Data Base, the main database on international terrorism within the U.S. government, officials said.

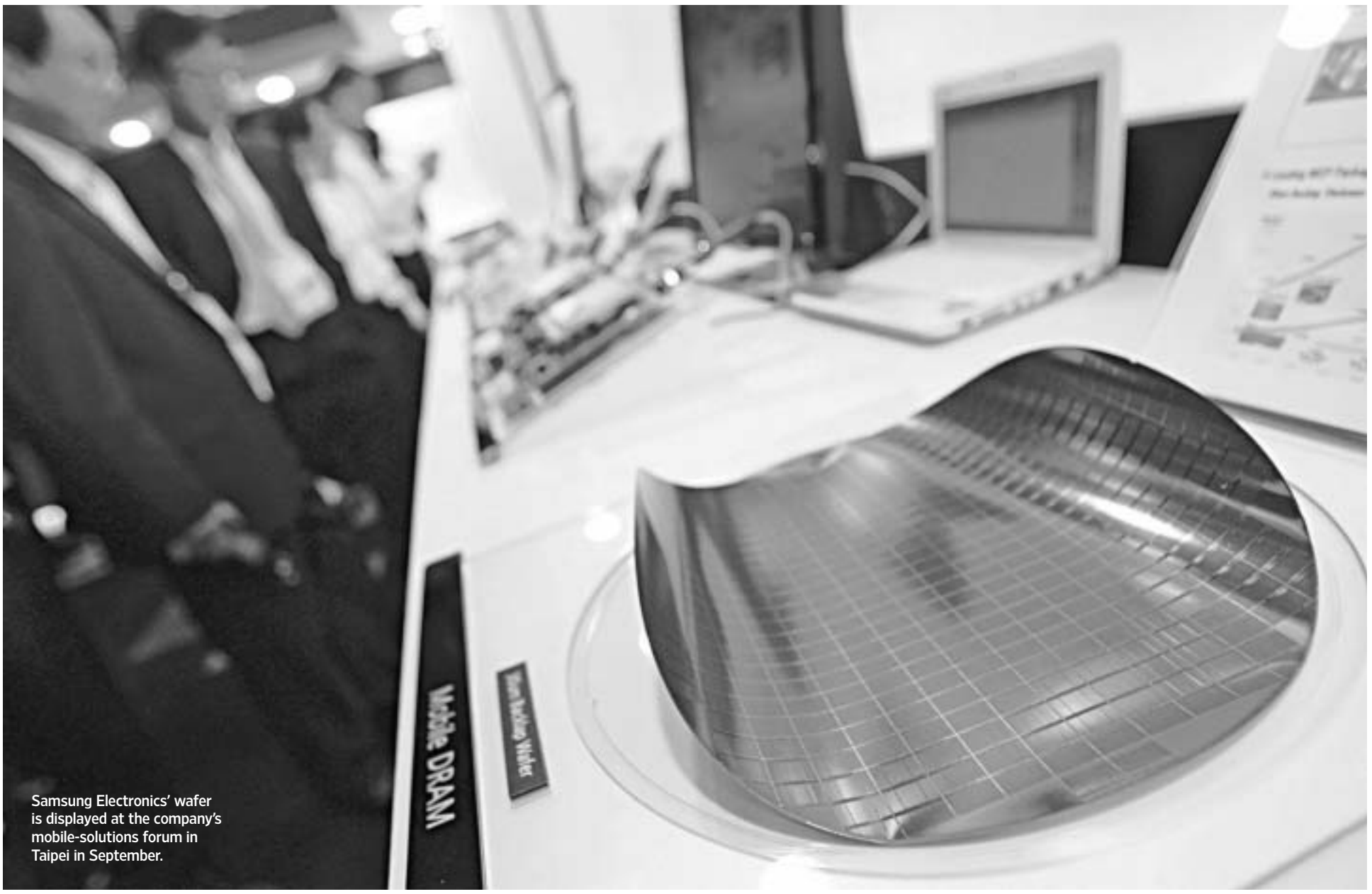
With additional scrutiny Mr. Abdulmutallab also might have been added to the roughly 14,000-person database maintained by the Transportation Security Administration called the "Selectee" list. Those people are supposed to be automatically selected for intensified, secondary screening at airports.

The next step up is the so-called no-fly list, which contains fewer than 4,000 names of people who are banned from jetliners.

TECHNOLOGY

Cashing in on chips: Industry sees growth after tough stretch

Players in notoriously cyclical memory-chip industry predict rising revenue next year, ending two years of declines

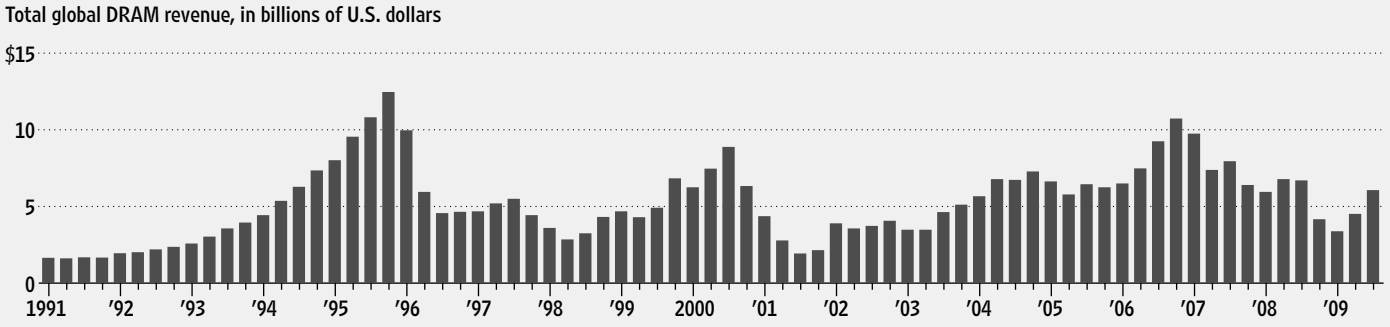


Samsung Electronics' wafer is displayed at the company's mobile-solutions forum in Taipei in September.

Bloomberg

Ups and downs | Some chip industry watchers believe the highly cyclical industry will trend up next year.

Total global DRAM revenue, in billions of U.S. dollars



Sources: iSuppli; Bloomberg News (photo)

By Yun-Hee Kim

HONG KONG—Computer-memory chip makers expect to see their fortunes improve next year after two tough years, allowing them to boost capital spending to improve their technology.

Industry heavyweights and observers see the notoriously up-and-down industry turning positive this year. Weak capital investments over the past two years have led to a gradual decrease in global supply of dynamic random access memory chips, which are the main chips used to store data in personal computers. The decrease in supply, coupled with improving demand, has led to a recovery in prices of DRAM chips in recent months.

The launch of the new Windows 7 operating system from **Microsoft** Corp. may also prompt consumers and corporations to replace their aging computers with new ones that require more memory storage next year, providing a much needed demand boost for DRAM makers.

The recovery in the DRAM market, while a sign that demand in the electronics supply chain is improving, could put pressure on PC manufacturers to trim their component costs to maintain margins.

It could also be bad news for consumers. PC makers typically lower the amount of DRAM chips they use per system when

The recovery in the DRAM market, while a sign that demand in the electronics supply chain is improving, could put pressure on manufacturers of PCs to trim their component costs to maintain margins. It could also be bad news for consumers.

prices increase to compensate for higher prices. That could affect the performance of the PC and the overall cost.

Daiwa Securities expects shipments of personal computers to rise 13% in 2010 and smart phones—which also use DRAM chips—to jump 55% from 2009.

"We expect 2010 to be a strong year for the industry, as we forecast increases in shipments" of personal computers and smart phones, Daiwa Securities analyst Jae H. Lee said.

Researcher Gartner expects revenue in the global DRAM industry to increase by 25% next year to US$29.1 billion. That would be a sharp improvement from an 11.5% decline in global DRAM revenue of US$21.6 billion estimated for this year.

Andrew Norwood, research vice president for semiconductors at Gartner, forecasts average DRAM selling prices to decline about 8% next year, much milder than the 30% decline the industry typically sees annually.

The average spot price of the most widely used DRAM chip—a one gigabit double data rate two chip that runs at 667 megahertz—fetched $2.53 each early Monday, up from $2.29 each on Dec. 21, according to Taiwan-based online chip clearinghouse DRAMeXchange.

In a sign of confidence in the industry's recovery, most chip makers have plans to raise their capital spending.

Samsung Electronics Co. the world's biggest DRAM maker by revenue, said it plans to boost capital spending next year from an estimated 7 trillion won (US$5.95 billion) in 2009, without disclosing specific figures. Second-ranked **Hynix Semiconductor** Inc. plans to more than double its capital expenditure in 2010 to about 2.3 trillion won, while Japan's **Elpida Memory** Inc. plans to boost spending to about $600 million from almost US$500 million for its current fiscal year ending in March 2010.

Citigroup estimates global memory-chip capital spending will more than double next year to about $14.8 billion as companies upgrade their technology at existing manufacturing facilities.

The brokerage has "buy" ratings on Samsung and Hynix, but has "sell" ratings on Taiwan's DRAM companies **Inotera Memories** Inc., **Nanya Technology** Corp. and **Powerchip Semiconductor** Corp., citing their weak competitiveness.

Keen to maintain Taiwan's competitiveness in DRAM production, the island's government formed **Taiwan Memory** Co. in July to possibly consolidate weaker players under the company and is seeking to jointly develop key technologies with Japan's Elpida. Many of Taiwan's DRAM makers have been struggling to pay down their debt after suffering from a cash crunch.

"Some of the smaller Taiwanese players will struggle to move to 50-nanometer technology ... these vendors could find it increasingly difficult to keep pace with cost reductions in the industry in second half of 2010," said Mr. Norwood.

A chip's transistor components and the spaces between them are measured in nanometers. The smaller and more closely transistors can be packed together, the more powerful the chip.

Hynix

'Global demand for PCs will rise 10% next year and in that sense, Hynix's earnings will likely remain solid,' says Hynix Semiconductor CEO Jong-Kap Kim.

Hynix chief offers solid outlook

By Jung-Ah Lee

Jong-Kap Kim, the 58-year-old chief executive of **Hynix Semiconductor** Inc., the world's second-largest computer memory chip maker by revenue after Samsung Electronics Co., recently spoke about the outlook for the chip industry in 2010 and the company's business performance.

He also discussed efforts by its creditor banks to sell a large stake in the company following an earlier bailout. The following is a translated version of the interview.

WSJ: The chip industry went into a severe downturn shortly after you joined Hynix in 2007. How did you overcome the crisis?
Mr. Kim: The chip industry had peaked in September 2006, and had already gone into a downturn by the time I took office. The industry should have recovered by the second half of last year, but due to the subprime mortgage crisis, the recovery was delayed. It was a very difficult time for us, but we continued our investment in advanced technologies, recruiting experienced engineers and invested around 10% of our revenue for research and development, which is showing some effect at last.

WSJ: What was Hynix's business performance like in the fourth quarter of this year and what's the outlook?
Mr. Kim: December this year is the only month ever where contract DRAM [dynamic random access memory computer chips] prices haven't fallen from November. Capital investment had remained very weak over the past two years with some companies even slashing around 60% of their annual investment.

Demand for DRAM chips will remain strong with the launch of Window 7 and a long-awaited PC replacement cycle will arise from the corporate side. Global demand for PCs will rise 10% next year and in that sense, Hynix's earnings will likely remain solid in the first quarter throughout the first half.

WSJ: Some are raising concerns about a possible chip supply glut next year. What are your thoughts?

Mr. Kim: Although some have raised concerns that the industry may temporarily see a supply glut in the first half of next year, for the year as a whole, we will see a global supply shortage of DRAM chips in 2010. Even if we see a temporary oversupply sometime in the first half, it won't have a significant impact on our business performance. We haven't seen DRAM prices falling and I don't expect any sharp slide in the prices. Next year should be a good year.

WSJ: A Hynix shareholder, Korea Exchange Bank, said last week that Hynix could spend as much as 2.3 trillion won (US$1.94 billion) for capital spending next year. Any plans for an increase in capital spending given market conditions are improving?
Mr. Kim: Yes, we are currently considering spending about that amount. For DRAM, we are not currently reviewing expanding production lines, but we will mostly spend the budget to speed up technology migration and upgrade equipment. But for NAND [flash memory] chips, we are considering expanding an existing line and we are targeting to double the output of such chips.

WSJ: Any update on creditors' plan to sell their stake in Hynix? Who should own it?
Mr. Kim: The stake sale process by shareholders is proceeding well. The top qualification required for the buyer would be global management experience, I would say. Since our exports account for around 96% (of company revenue), we need to find demand from the overseas markets. It would also be good if the buyer can make quick and timely decisions when deemed necessary.

Bazaar: Hong Kong

What they're buying at Asia's gadget emporiums

Philips

The place Capital Computer Centre Ltd., Golden Computer Arcade, Sham Shui Po, Hong Kong

The goods Philips Electronics NV's Brilliance 240PW9 liquid-crystal display monitor.

The specs Improving camera technology has put professional-quality SLR shooters in the hands of aspiring shutterbugs everywhere. But they may be disappointed by the inability of their home computer monitors to properly render colors, meaning what you see isn't what you print. The 24-inch 240PW9—a popular choice at the midpoint between typical monitors and pro-level panels, according to the salesman and some reviewers—uses in-plane switching technology, or IPS, which offers superior image quality and color accuracy to the usual LCD monitor. The high-definition monitor can also be rotated to make it vertical.

The price 4,280 Hong Kong dollars (about $552)

The deal The price isn't for the faint of heart, and in Hong Kong one would be expected to dicker at such a heady level. The salesman dismissed our offer of an even HK$4,000 but settled on HK$4,100. Better prices are advertised online in a few countries, so you might have better luck than we did, but availability appears limited. (One bonus: Our first monitor turned out to be defective, but Capital replaced it no questions asked, thus saving Christmas.)

—Carlos Tejada

CAREER OPPORTUNITIES

CAREERS

UNESCO works to create the conditions for dialogue among civilizations, cultures and peoples, based upon respect for commonly shared values. It is through this dialogue that the world can achieve global visions of sustainable development encompassing observance of human rights, mutual respect and the alleviation of poverty, all of which are at the heart of UNESCO's mission and activities.

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- Working knowledge with excellent drafting skills in English or French. Knowledge of the second language is strongly desirable.

*** Please consult the complete vacancy announcements and apply online at:**
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Applications must be submitted by 27 January 2010*

Under the authority of the Director-General, the Assistant Director-General is responsible for providing leadership and strategic vision of the Africa Department and advises the Director-General on Africa priorities in the formulation, planning and coordination of policies and strategies, including monitoring and promotional activities. The Department provides impetus to UNESCO's action in Africa so as to reflect in all its programmes the priority that is specially accorded to the Africa region.

The qualifications and competencies for this post are described in detail in the vacancy announcement and include especially:
- Advanced university degree, preferably at the PhD level, in the relevant field.
- Extensive relevant professional experience in senior leadership positions.
- Demonstrated ability to direct change processes at the substantive and management levels within large institutions of national or international scope.
- Proven aptitude to develop and communicate a clear strategic direction including inter-disciplinary dimensions and set clear programme priorities.
- Working knowledge with excellent drafting skills in English or French. Knowledge of the second language is strongly desirable.

*** Please consult the complete vacancy announcement and apply online at:**
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UNESCO works to create the conditions for dialogue among civilizations, cultures and peoples, based upon respect for commonly shared values. It is through this dialogue that the world can achieve global visions of sustainable development encompassing observance of human rights, mutual respect and the alleviation of poverty, all of which are at the heart of UNESCO's mission and activities.

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Applications must be submitted by 27 January 2010*

Under the authority of the Director-General, the Assistant Director-General is responsible for providing leadership and strategic vision in the field of External Relations and Cooperation and the overall management, planning and coordination of the Sector; and also plays a central role in building efficient partnerships and collaborations with Member States, Associate Members, observers, territories, civil society, United Nations system, intergovernmental and non-governmental organizations.

The qualifications and competencies for this post are described in detail in the vacancy announcement and include especially:
- Advanced university degree, preferably at the PhD level, in the relevant field.
- Extensive relevant professional experience in senior leadership positions.
- Demonstrated ability to direct change processes at the management level within large institutions of national or international scope.
- Proven aptitude to develop and communicate a clear strategic direction including inter-disciplinary dimensions and set clear programme priorities.
- Working knowledge with excellent drafting skills in English or French. Knowledge of the second language is strongly desirable.

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CAREER JOURNAL

Pondering the next move after a slump

For managers, careful timing will be crucial in coping with an uneven recovery; each decision is fraught with risk

By Joann S. Lublin

Many of the U.S.'s corporate leaders spent 2009 managing to hang on. Managing through an uneven recovery in 2010 could prove equally tough.

CEO Outlook

■ Seeing the light after a dismal 2009 24-25

Associated Press

An Amazon.com distribution and fulfillment center warehouse in Goodyear, Ariz.

"It was very clear what you needed to focus on as a CEO" this year, said Edward Reilly, head of the New York-based American Management Association, a group that provides training services to more than 3,000 U.S. companies. "Everyone hunkered down and cut."

Next year, though, is less certain than 2009. The economy returned to growth in the third quarter, but forecasters are divided on the strength and durability of the rebound.

Mr. Reilly calls it a "stop and go economy,'' because certain industries, such as pharmaceuticals, are growing again while "others still have serious problems.''

After making drastic cuts to weather the steep downturn, chief executives now must decide whether and when to resume hiring, buy new equipment, roll out new products or pursue takeovers.

Each decision is fraught with risk, especially in the face of stubbornly high unemployment, hesitant consumers and banks that in many cases remain reluctant to lend. Move too soon and the company's still-fragile bottom line could take a hit. Move too late and a business could lose its competitive advantage.

"Every single business has a tremendous amount of uncertainty," said Larry Nichols, chief executive of **Devon Energy** Corp., an independent oil-and-gas producer. For Mr. Nichols, the key indicator is the health of the broader economy. "Every time a plant shuts down, there is less demand for natural gas or electricity or both," he said.

Big-company CEOs are more optimistic than at anytime in the past 15 months, but they remain cautious, according to a November survey by the Business Roundtable, a Washington group that represents the leaders of companies that collectively employ more than 12 million people.

Nearly one-third of the 111 executives who responded to the survey expect to reduce their U.S. payrolls in the next six months, while only 19% expect their payrolls to grow.

Management specialists said CEOs will use temporary staffers and overtime to meet additional demand. Senior executives "are not making the type of ambitious growth plans that you saw in 2007 and 2006," said Michael Mankins, a partner in the San Francisco office of consulting firm Bain & Co.

He said he believes 2010 "will be a game of selective investments."

CEOs in the Business Roundtable survey were more aggressive about U.S. capital spending: 40% plan an increase in the next six months, while only 16% plan a cut. That's a big change from three months earlier, when more CEOs planned to cut capital expenditures.

In a separate survey by the American Management Association, completed Dec. 15, half of 524 employers said they expect to introduce a new product or service in the next six months.

"You need to know when to apply the gas pedal," based on a rigorous assessment of opportunities and risks, said Paul A. Laudicina, chairman of consulting firm A.T. Kearney Inc. in Chicago.

Taking a foot off the spending brake too fast could jeopardize profits eked out through cost cuts. And "if [CEOs] have cut too far into muscle, it will be more difficult to leapfrog ahead," Mr. Laudicina added.

Those CEOs who cut costs strategically during the downturn will focus 2010 spending on increasing innovation in their strongest specialties, said Cesare Mainardi, managing director of North America for consulting firm Booz & Co. He cited **Procter & Gamble** Co., which has sold its prescription-drug business and most of its food brands to concentrate on strengths such as personal-care goods. Rather than striking out into new areas, the likelihood of a slow recovery "requires sticking to your knitting,'' Mr. Mainardi said.

Chief executives of many multinational companies see opportunity overseas, particularly in Asia, where economic growth is rebounding stronger and faster than elsewhere. But they worry about global competition.

Many industries expanded rapidly during the global boom that preceded the past year's downturn—creating a massive overhang of capacity that could pull down prices unless the economy begins to grow strongly.

"I'm still concerned about deflationary trends on the global scale," said **Caterpillar** Inc. CEO Jim Owens. "There's a lot of manufacturing capacity on a worldwide basis."

Other chief executives may have to contend with top-ranked employees testing the job market as it begins to thaw. "CEOs are going to wake up and find their business plan is built entirely on people who are writing up their resumes right now," said Thomas Monahan, CEO of Corporate Executive Board, a business consulting firm in Arlington, Va. Few employers "have built recruitment pipelines that assume the level of attrition we are likely to see in 2010 for very critical positions."

CEOs, too, may look around—for merger opportunities. Ivan Seidenberg, chairman and CEO of **Verizon Communications** Inc., predicts an increase in mergers and acquisitions in 2010. "If you can make smart acquisitions, you do it...as long as you don't overpay," he said. Verizon Wireless, owned by **Verizon Communications** Inc. and **Vodafone Group** PLC, bought Alltel Corp. for about $28 billion earlier this year. The combination helped Verizon Wireless become the nation's biggest cellphone carrier by subscribers.

The past two months—which include **Exxon Mobil** Corp.'s Dec. 14 agreement to buy **XTO Energy** Inc for $31 billion—have been the most active deal-making period since the summer of 2008.

A new Ernst & Young survey of CEOs found about 33% of them are likely or highly likely to make an acquisition in the next year, compared with about 16% in a similar poll at the staArt of 2009.

—Timothy Aeppel and Ben Casselman contributed to this article.

Career Opportunities

CAREERS

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UNESCO is currently recruiting its future:

Assistant Director-General for Administration (ref. ADM-001)

(221kUS$ or 200kUS$ without dependants)

Applications must be submitted by 27 January 2010*

Under the authority of the Director-General, the Assistant Director-General is responsible for providing leadership and strategic vision in the field of Administration and the overall management, planning and coordination of the Sector. The Sector for Administration also provides support for the effective conduct of UNESCO's programme.

The qualifications and competencies for this post are described in detail in the vacancy announcement and include especially:

- Advanced university degree, preferably at the PhD level, in the relevant field.
- Extensive relevant professional experience in senior leadership positions.
- Demonstrated ability to direct change processes at the substantive and management levels within large institutions of national or international scope.
- Proven aptitude to develop and communicate a clear strategic direction including inter-disciplinary dimensions and set clear programme priorities.
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Tokyo Budget Blowout

Prime Minister Yukio Hatoyama announced his government's first budget on Christmas, and what a gift it was. Instead of making the hard choices Japan needs to revive its flagging economy, Mr. Hatoyama opted for more welfarism.

That's not what he calls it of course; the prime minister Friday dubbed the record 92 trillion yen ($1 trillion) plan as a measure to "protect people's lives," hearkening back to his party's campaign manifesto. For the first time ever, over half of the government's core spending will go to social-welfare programs, such as cash payments to parents, subsidies for farmers and free high-school education. Meanwhile, public-works projects were cut by 18%.

The Democratic Party of Japan-led coalition is selling the package as a more responsible redistribution of wealth from the old Liberal Democratic Party days, when budgets were skewed more toward supporting favored industries. Cutting public works is certainly a good start; Japan doesn't need more roads and bridges to nowhere.

But fiscally, it's hard to see how Friday's budget passes the laugh test. For the first time since World War II, the budget will be funded more by bond issuance than tax receipts, sending debt-to-GDP spiraling toward 200%. Mr. Hatoyama is touting the fact that he's capped debt issuance at a record 44 trillion yen as a victory; but it's still 11 trillion more than initially budgeted. Given the government's rosy economic outlook, that number could eventually rise as tax receipts fall short of Tokyo's projections.

> The Hatoyama government promotes welfarism, not reform.

The budget also does little to target spending to parties who might need it more than others. The ¥13,000 monthly allowance for parents, for instance, isn't income-tested. Nor is it clear that increasing cash handouts will generate economic activity when the country is in the grip of deflation, and it makes more sense to hoard capital than to invest it.

The best "protection" for Japan's citizens isn't to shower them with money that the government can't afford, but to give them the opportunity to improve their circumstances through dint of their own hard work. These kinds of initiatives don't necessarily cost money; for instance, Tokyo could make it easier to start a business, drop protectionist trade and investment barriers, or give more freedom to rural landowners to use their property as they see fit.

This is certainly the kind of vision that the Japanese public would support. They rallied behind former prime minister Junichiro Koizumi when he promised to attack entrenched corruption and make Japan a more competitive place to do business. In contrast, as the Hatoyama government's populism has become more evident, its public-approval ratings have dropped to under 50%, from 71% upon taking office in September.

The Hatoyama government is promising to avoid a double-dip recession, and given Friday's budget, that might technically be true: Government can pay people to dig holes in the ground, and that counts as investment in the GDP equation. But that doesn't make such spending healthy, or sustainable. Welfarism has never made a country rich, and Japan is no exception—no matter what you call it.

The Price of Freedom

In Iran and China, Christmas weekend brought two inspiring examples of the high price that men and women are still willing to pay in the eternal struggle for political freedom.

In Beijing, the Chinese Communists ignored the protests of more than a dozen countries and sentenced 53-year-old literary critic Liu Xiaobo to 11 years in prison for the crime of peacefully agitating for democracy. His verdict came after a two-hour, closed-door trial Wednesday from which diplomats, his wife and his chosen lawyer were barred.

"When he decides to do something, he doesn't regret it," said his wife, Liu Xia, who was allowed to speak to her husband for 10 minutes after he learned his fate. "He said he hopes to be the last person punished for practicing freedom of expression" in China. No wonder Chinese officials are so afraid of Mr. Liu, who wields the power of the unbreakable individual spirit.

Meanwhile, in Tehran, democratic protestors continued to risk their lives and freedom by going into the streets despite an increasingly brutal government crackdown. On Sunday, security forces opened fire on demonstrators in the College Square neighborhood, killing at least four and injuring dozens, according to witnesses and opposition Web sites. The nephew of opposition leader and former presidential candidate Mir Hossein Mousavi was among the dead.

It's impossible to know when these freedom fighters will realize their democratic goals, but they deserve our admiration and support.

The Terror This Time

A U.S. government that has barred the phrase "war on terror" has nonetheless acknowledged that a failed Christmas day bomb attack on an airliner was a terrorist attempt. Can we all now drop the pretense that we stopped fighting a war once Dick Cheney and George W. Bush left the White House?

The attempt by 23-year-old Nigerian Umar Farouk Abdulmutallab follows the alleged murders in Ft. Hood, Texas by Islamist-inspired Major Nidal Hasan in November. Brian Jenkins, who studies terrorism for the Rand Corporation, says there were more terror incidents (12), including thwarted plots, on U.S. soil in 2009 than in any year since 2001. The jihadists don't seem to like Americans any better because we're closing down Guantanamo.

> Janet Napolitano says the system worked. No, we were brave and lucky.

This increasing terror tempo makes the Obama Administration's reflexive impulse to treat terrorists like routine criminal suspects all the more worrisome. It immediately indicted Mr. Abdulmutallab on criminal charges of trying to destroy an aircraft, despite reports that he told officials he had ties to al Qaeda and had picked up his PETN explosive in Yemen. The charges mean the Nigerian can only be interrogated like any other defendant in a criminal case, subject to having a lawyer present and his Miranda rights read.

Yet he is precisely the kind of illegal enemy combatant who should be interrogated first with the goal of preventing *future* attacks and learning more about terror networks rather than gaining a single conviction. We now have to hope he cooperates voluntarily.

Janet Napolitano, the secretary of homeland security, told CNN Monday that "one thing I'd like to point out is that the system worked." Yet the terrorist screening system seems to have failed in at least two crucial ways: first, in failing to revoke a visa to the U.S. that Mr. Abdulmutallab had obtained last June despite a later warning to U.S. consular officials from his own father that he was becoming radicalized and might have terror network ties; and second, in not adding him to a no-fly list from a lower-level watch list.

The episode is a reminder that the fight against terrorism requires even more interagency cooperation, and Congress should investigate whether such communication was lacking in this case. No one should leap to conclusions about who is responsible for any mistakes, but Ms. Napolitano isn't reassuring when she utters happy talk that it all "went very smoothly." The day was saved not because of the antiterror "system" but because the explosive failed to ignite and because a Dutch passenger and flight attendants acted heroically to subdue the man, put out the fire and detach the explosive.

The lesson here is the same as Flight 93 on 9/11 and shoe-bomber Richard Reid, which is that civilians willing to act in their own self-defense are a crucial part of "homeland security." The willingness of passengers and crew to identify potential threats seems more useful than more onerous airport screening, which only gives terrorists the satisfaction of knowing they have made air travel even more unbearable. The new rule to keep passengers in their seats in the final hour of some flights seems all too typical of arbitrary rules that inconvenience innocents but not terrorists.

Janet Napolitano

On that score, the settlement reportedly won earlier this year by the so-called flying imams against a U.S. airline for knocking them off a flight in 2006 sends exactly the wrong message. The interests of nonradical Muslims will hardly be served if political correctness allows the next terror attack to succeed.

Mr. Abdulmutallab's alleged links to Yemen also raise questions about why the Administration is now returning Guantanamo detainees to that unstable Middle East nation. Pentagon officials have raised alarms about Yemen as an emerging al Qaeda sanctuary for at least a year, and now we may have the first case of a terrorist trained there to strike at U.S. airline or domestic targets. The Yemen government says it is cooperating with the U.S., and the CIA is said to be providing intelligence for some of Aden's anti-al Qaeda efforts. But at this point the repatriation of Gitmo detainees to Yemen seems dangerous, and recklessly so.

No doubt in the days ahead we'll learn more about how the young Nigerian became radicalized. Like many of the 9/11 murderers, he came from an affluent family and was highly educated. We know by now that the poverty-causes-terrorism school is false, but this is one more reminder. Authorities will also want to know how he was recruited—whether in person during a trip to Yemen or other sanctuary, through al Qaeda agents elsewhere, or perhaps via the Internet like Major Hasan. The report that the Nigerian turned more radical only in the last 18 months shows that our antiterror vigilance will have to continue for years, if not decades, to come.

Such vigilance is easier to sustain, and likelier to succeed in deterring attacks, if we understand that we are still fighting a multifront war against the various elements of radical Islam. This time, thanks to luck and bravery, the 278 passengers and crew of Northwest Flight 253 avoided death. We'd rather take the luck out of it.

OPINION

Technology Predictions Are Mostly Bunk

[Information Age]

By L. Gordon Crovitz

"Tis is the season for predictions, so "Information Age" bravely goes out on this limb: Most technology predictions for 2010 won't come true. The more we learn about how innovation happens, the less straight the lines of advance look.

"Inventions have long since reached their limit, and I see no hope for further developments," said Roman engineer Julius Sextus Frontinus in 10 A.D. This end-of-progress view has been echoed many times, including by Charles Duell, commissioner for the U.S. Patent Office, who in 1899 said, "Everything that can be invented has already been invented."

It's worth recalling, especially in a gloomy year like the one drawing to an end, that the opposite is true: The more we invent, the more we invent. Knowledge grows on itself.

So here are the rest of my Top 10 Worst Technology Predictions, which prove that when it comes to tech, optimism pays:

"The Americans have need of the telephone, but we do not. We have plenty of messenger boys," Sir William Preece, chief engineer at the British Post Office, 1878.

"Who the hell wants to hear actors talk?" H.M. Warner, Warner Bros., 1927.

"I think there is a world market for maybe five computers," Thomas Watson, chairman of IBM, 1943.

"Television won't be able to hold on to any market it captures after the first six months. People will soon get tired of staring at a plywood box every night," Darryl Zanuck, 20th Century Fox, 1946.

"The world potential market for copying machines is 5,000 at most," IBM executives to the eventual founders of Xerox, 1959.

"There is no reason anyone would want a computer in their home," Ken Olsen, founder of mainframe-producer Digital Equipment Corp., 1977.

"No one will need more than 637 kb of memory for a personal computer—640K ought to be enough for anybody," Bill Gates, Microsoft, 1981.

"Next Christmas the iPod will be dead, finished, gone, kaput," Sir Alan Sugar, British entrepreneur, 2005.

Sometimes predictions about technology fail because they're overly optimistic—for example,

Bill Gates, 1981: 'No one will need more than 637 kb of memory for a personal computer.'

we don't commute by jetpack yet—but more often predictions fail because we underestimate the ability of inventors.

Arthur C. Clarke, the science fiction writer, identified what he called the "three laws of prediction," reflecting an optimistic view of ingenuity: 1. When a distinguished but elderly scientist states that something is possible, he is almost certainly right. When he states that something is impossible, he is very probably wrong; 2. The only way of discovering the limits of the possible is to venture past them into the impossible; and 3. Any sufficiently advanced technology is indistinguishable from magic.

Clarke was an exception to the rule that predicting future technology is hard. In Wireless World magazine in 1945, he proposed using a set of satellites in geostationary orbit to form a global communications network.

In "The View from Serendip," published in 1977, Clarke predicted the Internet: "Immediate access in the home via simple computer-type keyboards, and TV displays, to all the world's great libraries . . . And items needed for permanent reference could be printed off as soon as located on a copying machine—or filed magnetically in the home storage system."

In the same book, he also forecast email and online news: "Facsimile services whereby letters, printed matter, etc. can be reproduced instantly. The physical delivery of mail and newspapers will thus be largely replaced by the orbital post office, and the orbital newspaper . . ."

As we go into 2010, there are entrepreneurs and technologists doing their best to confound predictions. Or as computer scientist Alan Kay said, "The best way to predict the future is to invent it."

A year ago, it would have been hard to predict that social networking Web sites would become the new mass media, or that Google would be a mobile-phone brand. Technological advances can be frustrating when almost every industry is being dislocated by that fast-moving change. On the other hand, we all benefit from these changes, including in endless consumer choice.

Even a skeptical column on technology predictions would be incomplete without a few predictions, so here are a couple: The much-anticipated tablet computer from Apple won't be on sale before March, and Google's market share for search will remain strong, but not go beyond 85% at the end of 2010.

Disclosure: These predictions look like safe bets because the potential outcomes of these topics are being traded in online betting markets. These markets reflect the wisdom of crowds, which tend to make more accurate predictions than individuals.

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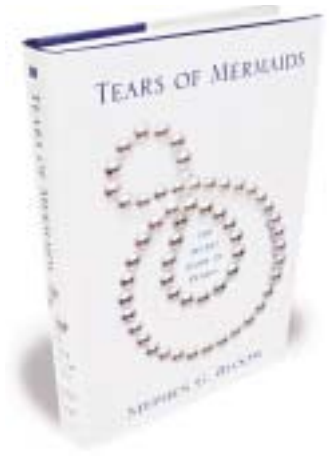

Tears of Mermaids
By Stephen G. Bloom
(St. Martin's, 382 pages, $27.99)

By Joseph Sternberg

Pearls have been found in 7,000-year-old burial sites in what is now the United Arab Emirates. A pearl necklace was found in the Egyptian tomb of Queen Ahhotep, dating to about 1500 B.C. Jesus compared the Kingdom of Heaven to a pearl of great price. Christopher Columbus, on his return voyage to the New World, carried a list of commodities that his royal sponsors hoped he would bring back—"Pearls, Precious Stones, Gold, Silver, Spiceries." Pearls earned that pride of place: They were 10 times as valuable as all the combined other goods that the Spanish brought back from the New World during the entire colonial period.

In "Tears of Mermaids," Stephen G. Bloom tells the history of the pearl trade down to the present day, focusing in particular on the harvesting and marketing of pearls in today's global markets. As Mr. Bloom makes clear, pearls are still big business, with dealers routinely exchanging hundreds of thousands of dollars at a time for just the right ones. And certain pearls command astonishing prices. In spring of 2007, Mr. Bloom reminds us, Christie's auction house in New York sold two strands of 68 gumball-sized pearls—the so-called Baroda Pearls, named for the city in India where their 19th-century maharajah-owner lived—for $6.3 million.

All that money, and for what? Essentially, for accumulations of concentric layers of nacre, a compound of calcium carbonate that some mollusks—most commonly oysters—produce to line the insides of their shells. Rarity accounts for the value of pearls, and beauty, too—the radiance and subtle colors that have inspired poets, painters and novelists through the ages. "A perfect natural pearl of extraordinary quality may be the product of one out of ten million oysters," Mr. Bloom notes. But "extraordinary quality" is a subjective judgment. Gold and diamond are graded by uniform criteria, but there is no broad agreement on what separates the magnificent pearl from the merely beautiful.

Until the late 19th century, the only pearls on the market were the product of "nature's whimsy," as Mr. Bloom's puts it. But in 1888, Kokichi Mikimoto, the son of a poor noodle-maker in Japan, started a pearl farm that would eventually democratize the world pearl market. By the first decade of the 20th century, Mikimoto had perfected a technique for cultivating pearls, inserting a nucleus of North American mussel shell into an oyster that would then produce a pearl in as little as two years. Such pearls were soon referred to as "cultured," to distinguish them from "natural" pearls. Cultured Japanese pearls took America by storm in the 1940s and '50s when homeward-bound GIs bought them for their wives and girlfriends.

In such a way pearls have become an affordable luxury rather than an unobtainable one. To this day cultured pearls are generally less dear than their natural rivals, though they too can cost a great deal. "Pearls embody how humans can trick Mother Nature into producing some of the world's most expensive objects," Mr. Bloom writes.

The pearl industry, like so many others, now finds itself under pressure from Chinese competition. Mr. Bloom's travels take him to China's shore along the Gulf of Tonkin. There, entrepreneurs have founds ways to culture pearls in a species of mollusk that can produce more pearls per bivalve than the typical oyster. And labor is cheap—about $170 a month per worker. These Chinese gems—cheaper and available in more varied colors—are a serious threat to other pearlers trying to serve the middle-class market.

To judge by Mr. Bloom's account, the modern pearl industry does not lack for eccentric characters. We hear about Robert Wan, for instance: He first started in business by importing German mopeds to French Polynesia in the 1950s; in the 1960s he shipped in New Zealand dairy cows so that he could manufacture ice cream. He caught the pearl bug in the 1970s and now runs a company that dominates the market in Tahiti, one of the world's pearl centers. In less exalted spheres, Zeide Erskine of Fresno, Calif., taunts Internet chat boards with claims to own a collection featuring a necklace of red natural pearls (assumed by others to be a near impossibility); she eventually concedes to Mr. Bloom that she doesn't have such a necklace, but she does surround him with box after box of pearls when he visits her plain suburban home. Ricki Angelus of Chicago started acquiring pearl strands in secret as a blue-collar housewife and now attributes healing powers to her strands, claiming that she has used them to help a girl in Jerusalem with a pulmonary disorder.

"Tears of Mermaids" is certainly informative, and it can be engaging, but Mr. Bloom inserts his own first-person narrative into the book too often, telling us too much about his personal odyssey and not enough about the pearls themselves. Some of the best stories that he might have told—the history of the so-called Pearl of Allah; or the path of a pearl called "The Incomparable," from King Ferdinand V to Elizabeth Taylor; or the recovery of an old Spanish shipwreck off the Florida coast that, in the 1980s, yielded a vast hoard of natural pearls—are relegated to endnotes. Given a subject of such legendary beauty, it is odd, too, that the book does not include illustrations or color photographs.

One striking quality of pearls, Mr. Bloom tells us, is the aesthetic rapport they form with their wearers, absorbing body heat and seeming to glow and reflect luminescence onto the skin. For millennia, only the wealthiest members of society could hope to know this quality first-hand. And now millions of people can. As Mr. Bloom shows, the "tears of mermaids" have spread along with prosperity through all social classes, helped along by technology and a kind of agricultural revolution. But it still all starts in an oyster.

Mr. Sternberg is an editorial page writer with The Wall Street Journal Asia.

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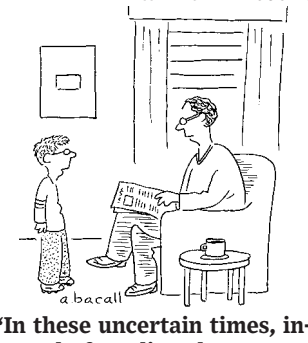


"In these uncertain times, instead of reading the sports pages, shouldn't you be actively managing my college fund?"

The Rebirth of Charter 08

By John Lee

President Barack Obama's meek visit to China last month confirmed that the United States is taking a much more conciliatory approach toward a seemingly more confident Beijing in a bid to secure bilateral cooperation on a range of global issues. But the Communist Party's decision to sentence Liu Xiaobo to jail on Christmas Day, while barring Western diplomats from entering the courtroom, is revealing because it shows not confidence and strength, but insecurity and vulnerability.

China's conviction of Liu Xiabao on Christmas Day only strengthens the democracy movement.

Mr. Liu is no ordinary dissident: He was one of the main authors of Charter 08, a human-rights manifesto modeled on the Charter 77 document that inspired Soviet-controlled Eastern Europe. Charter 08 called for a new Chinese constitution, freedom of speech and assembly, an independent judiciary and democratic elections for all levels of government. Arrested in June, Mr. Liu's plight was followed not only by Western journalists, but importantly, by prominent U.S. politicians, including Secretary of State Hillary Clinton.

The date of Mr. Liu's conviction was a crude attempt to bury the news while Western leaders and journalists were on holiday and the public was distracted by seasonal festivities. This technique isn't particular to China, but Beijing took the tactic a step further, publicly warning that any international criticism of its treatment of Mr. Liu would be a gross violation of its national sovereignty.

Mr. Liu's conviction has been closely watched by domestic and international audiences precisely because Charter 08 refuted the Communist Party's central argument that the slow pace of reforms was preferable and supported by the Chinese people. Party officials continually tell their Western counterparts that they are already working toward many of the principles outlined in the Charter, but in a "steady" and "orderly" fashion. They claim

Associated Press

Liu Xiaobo

China is still in an early stage of development and now isn't the correct time to implement such changes.

When the Charter was released in late 2008, Beijing thus watched warily as copies spread to Internet sites within China, with English-language translations available to international audiences. The Charter links fair and sustainable economic progress with civil, judicial and political reform. It insists these reforms are needed now rather than at some future, indeterminate time. Critically, the document was written and endorsed by leading Chinese intellectuals, citizens and even some officials currently in power and not pushed onto China by Western intellectuals.

Indeed, Mr. Liu's Christmas Day trial came only four days after the state-backed Chinese Academy of Social Sciences released its annual Social Blue Book, which highlighted growing social unrest and the worsening problems associated with inequality and corruption. The report called into question the success of Beijing's long-stated plan to build a "harmonious society" and lent support to arguments put forward by Charter 08. Significantly, without specifying any new figure, the report also stressed that reported incidents of mass social unrest had increased. (According to the Ministry of Public Security, there were 87,000 reported instances of "mass unrest" in 2005 and an estimated but unconfirmed 100,000 such events in 2007.) There is also widespread, growing and profound public dissatisfaction with the performance of government officials.

Until now, the Obama administration and other governments broke rank with previous administrations and backed away from publicly pressuring China on its human-rights and political reform commitments in exchange for Beijing's cooperation on issues such as North Korea, Iran and climate change. They have received little in return; Beijing's intransigence at the Copenhagen Summit is only the latest show of defiance.

Yet as Charter 08 notes, authoritarianism is in general decline throughout the world, and citizens ought to be able to elect their leaders. Beijing felt more comfortable when the world no longer seemed to care how it governed its people. But there is a growing awareness within China that the Party's apparent confidence and moral assuredness is a façade. By imprisoning Mr. Liu, China has given new life to Charter 08. Now is the moment for the U.S. and other nations to pressure China to make better progress on the kind of reforms that Mr. Liu and millions of other Chinese citizens want—and deserve.

Mr. Lee is a foreign-policy fellow at the Centre for Independent Studies in Sydney, a visiting scholar at the Hudson Institute in Washington and the author of "Will China Fail?" (CIS, 2007).

The Cloning of Fannie and Freddie

By Jonathan GS Koppell

Now that the nine big banks that received TARP funds have repaid the government, Wall Street and Washington are heralding a return to normalcy. But the status quo ex ante has not been restored. The bailout of failing financial institutions, and the willingness of corporate leaders to slurp up taxpayer handouts, has created a frighteningly familiar dynamic.

Few people would suggest cloning Fannie Mae and Freddie Mac, the government-sponsored enterprises (GSEs) now in conservatorship-limbo, as a template for the future. Yet there is a real risk that a small set of de facto GSEs will come to dominate our financial sector.

President Obama's meeting this month with leading financiers vividly illustrated the danger. Frustrated that corporate recipients of federal largess are making money buying Treasurys rather than lending to capital-starved businesses, the president twisted the arms of chastened executives. This may yield some modest concessions—but they will undoubtedly be accompanied by entreaties to tamp down regulations the bankers and their lobbyists will paint as obstacles to broader credit provision. Such claims were made routinely by Fannie and Freddie when resisting efforts for more rigorous safety and soundness regulations.

Looking ahead, we can see that leaders of financial firms will happily exchange regulatory forbearance for "public service." It is probably cheaper to satisfy political demands than to operate under a set of more onerous regulatory requirements. And with the whole negotiation predicated on the assumption that these financial companies cannot fail, additional loans mean more profit, while the downside risk is covered by Uncle Sam.

Moreover, each concession in the name of public mission actually reinforces the government's backing, further insulating these highly-concentrated institutions from competition by lowering their capital costs. This, in turn, will prompt further demands for attention to policy goals and cement the co-dependence of the financial industry and the federal government.

It's safer to break up the biggest banks than have the feds guarantee them against failure.

This is potentially ruinous. The strength of a market economy is critically undermined when firms charged with allocating capital make money by virtue of cozy political relationships rather than market acuity. Financial institutions will inevitably be beset by requests from members of Congress to "take another look" at rejected loan applications from favored constituents. And regulators trying to impose controls in the name of fiscal prudence will be slapped down by Congress when lobbyists warn that overly conservative capital requirements threaten to shut off the flow of capital. All this we've seen before.

It is a death spiral to which we are perilously close. We must pull up now.

Federal bailouts to date have already set a dangerous precedent. In fact, by acting as an explicit guarantor on some bonds, buying mortgage securities of dubious value, and dramatically loosening access to the Federal Reserve's discount window, the government is providing more support than it did to the housing GSEs before they collapsed. The mid-crisis increases in deposit insurance ceilings and the extension of guarantees to mutual funds suggest that the safety net is elastic enough to stretch quite a bit further if necessary.

All these supports trump TARP status and legal ownership. The government will rescue a privileged set of firms when the going gets tough, and the market knows it.

Given that the failure of companies like AIG and Citigroup was said to threaten economic Armageddon, an alternative post-crisis course seems obvious: Rid the world of institutions that present such a threat. The only argument for maintaining them is that their existence offers advantages that outweigh the risks.

When Lloyd Blankfein notoriously argued in November that Goldman Sachs is doing God's work, he was essentially invoking the original premise of public support for the banking industry, that a reliable pool of capital for businesses and individuals is a collective good. But Mr. Blankfein's response to the furor that greeted his remark was not to point to the myriad businesses that benefitted from his firm's labors. Instead it was to create a special, $500 million fund for small business—about 2% of the company's bonus pool for this year—to provide money outside normal operations.

This gesture reveals the hollowness of his original claim. The firm is certainly profitable but it is not doing much for America's Main Street businesses.

Similarly, former Fed Chairman Paul Volcker has recently argued that many financial innovations of the last 20 years, such as credit-default swaps and collateralized debt obligations, have done little to bolster broader economic growth while introducing a great deal of risk.

Neither Mr. Volcker nor any other banking critic denies the social value of lending and investment. The question is whether the marginal benefit of maintaining large integrated financial groups justifies the hazards that they introduce. There is scant evidence that financial giants make working capital more affordable or allocate credit more efficiently than smaller institutions. In fact, they may siphon capital away from lending activities that more directly expand the economy.

Wall Street leaders may react to presidential scolding with modest lending programs, and without worrying if the loans make little or no money. From their vantage point, that's a cheap price for a federal insurance policy on their operations, and the political leverage gained to resist regulations like higher capital requirements. Fannie Mae executives contemplated cutting themselves loose several times but ultimately decided that their cosseted political status was too lucrative.

As a nation, we cannot afford to go in this direction. The administration and Congress currently hope that the resolution authority granted to a Financial Services Oversight Council in regulatory reform legislation will be sufficiently menacing to discipline those running institutions deemed too systemically risky to fail. But will the threat of government dissolution impress market participants who witnessed the sorry spectacle of the president of the United States imploring the lords of finance to do the right thing via speakerphone?

* * *

If it is hard to imagine the government shutting down these political powerfully institutions now, imagine the dynamic when they start paying protection money in the form of federally mandated loans. (This is to say nothing of the chimera of international authority required to actually dissolve one of these multinational behemoths.)

Trading taxpayer support of profit-making companies for promises of policy-driven lending—and trusting those making money to manage the risk entailed—is a rabbit hole that must be avoided. Breaking up financial institutions—by function and/or size—is the surest way to escape this GSE trap. Those who believe in the power of markets and cringe at the thought of a financial sector intertwined with the state must overcome their reflexive resistance to this approach.

To the leaders of financial powerhouses, the siren song of government backing will be nearly irresistible, particularly when irritants like federal pay czar Kenneth Feinberg can be tuned out. Unlike Ulysses, however, these captains of finance will never bind themselves to the mast. If we don't do it for them, we'll all end up on the rocks.

Mr. Koppell is associate professor of Politics & Management at the Yale School of Management.

IN DEPTH

After the bailouts in U.S., Washington's the big boss

As recession fades, expect government to keep its expanded role, and make way for a new, hybrid strain of capitalism

In 2008 and 2009, Washington strove to save the economy. In 2010, Americans will get a clearer picture of how Washington has changed the economy.

Only as the recession recedes will it become fully evident how permanently the state's role has expanded and whether, as a consequence, a new, hybrid strain of American capitalism is emerging.

*By **Bob Davis, Deborah Solomon** and **Jon Hilsenrath***

One thing is clear: The government is a much bigger force in today's U.S. economy than it was before the financial crisis. "The frontier between the state and market has shifted," says Daniel Yergin, whose 1998 book "Commanding Heights" chronicled the ascent of free-market forces starting in the 1980s. "The realm of the state has been enlarged."

To prevent crumbling housing and credit markets from sinking the broad economy, the Bush and Obama administrations and the Federal Reserve spent, lent and invested more than $2 trillion on one initiative after another. If you owned a credit card or a money-market fund, had a savings account, bought a Dodge pickup or even a hunting rifle, or borrowed to buy a home or finance a small business, odds are good that the U.S. stood behind you or the firm that served you.

Washington pumped $245 billion into nearly 700 banks and insurance companies and guaranteed almost $350 billion of bank debt. It made short-term loans of more than $300 billion to blue-chip companies. It propped up life insurers and money-market funds.

It bailed out two of the three U.S. auto makers. It lent billions trying to jump-start commercial-real-estate, small-business and credit-card lending. In two February stimulus bills enacted a year apart, the government committed $955 billion to rouse the economy.

Today the U.S. government, directly or indirectly, underwrites nine of every 10 new residential mortgages, nearly twice the percentage before the crisis. Just last week, the Treasury said it would cover an unlimited amount of losses at mortgage giants Fannie Mae and Freddie Mac through 2012.

Those who defend this robust interventionism and those who decry its effects are vying to shape the nation's take on the events of the past 16 months.

Lawrence Summers, President Barack Obama's chief economic adviser, says the intervention was essential, short-term therapy, not a reinvention of capitalism. "Our overarching goal was to save an economy that was near the abyss, where depression looked like a real possibility," he says. By that measure, he sees success: "The kind of financial and economic collapse that looked very possible last fall appears remote right now."

The bailouts "were designed to be, and have proved to be, temporary," Mr. Summers says. "There is no aspiration of any kind to change the private-sector basis of our economy."

Even so, he says government won't return to its pre-crisis form. "The way our financial system was operating was much more fragile than many had supposed. Those events point up a need for substantial changes in the way in which we regulate the economy and regulate finance," he says.

John Taylor, a former Bush Treasury official who is now a Stanford University economist, says the government's role will be far greater than Mr. Summers suggests. "While we may be past the emergency, we're still in a mode that will create similar interventions for quite a while, even for minor emergencies," he says. "We have a bailout mentality in this country."

One concern: Even if the government withdraws, business will expect bailouts in the next crisis, and that will inspire another round of cavalier risk-taking. "If we don't re-regulate the banking system properly, we'll either get very slow growth from overregulation, or another financial crisis in just 10 to 15 years," says Kenneth Rogoff, a Harvard University economist and co-author of a new book on financial crises since the Middle Ages.

The story isn't over yet.

Although the economy is growing, unemployment remains a very high 10%. It is far from clear how strongly the economy will grow when the adrenaline of stimulus is withdrawn.

In finance, the recovery has been striking. Since bottoming on March 9, the Dow Jones Industrial Average is up 60%, and financial stocks have more than doubled. Yields on junk bonds, issued by companies with the highest risk of default, have fallen from almost 17 percentage points above yields on Treasury bonds in March to about 6.5 points higher now. That signals both an improving economy and a renewed investor appetite for risk.

Most big banks appear back on their feet. Of the $245 billion invested in bank shares by the Troubled Asset Relief Program, more than $175 billion has been repaid. Since the Treasury tested the financial strength of 19 large financial firms in May, they have raised $136 billion in equity capital and borrowed $64 billion without U.S. guarantees.

But the strengthening of the big banks may be distorting the market. Although smaller banks have long had a higher cost of funds than big ones, the gap has widened. The gap averaged 0.03 percentage point for the first seven years of the decade, but it jumped to a 0.66-point disadvantage for smaller banks in the four quarters ended Sept. 30, estimates Dean Baker of the Center for Economic and Policy Research, a liberal think tank. That suggests investors think the government would bail out big banks, but not small ones, if crisis erupted anew, he says.

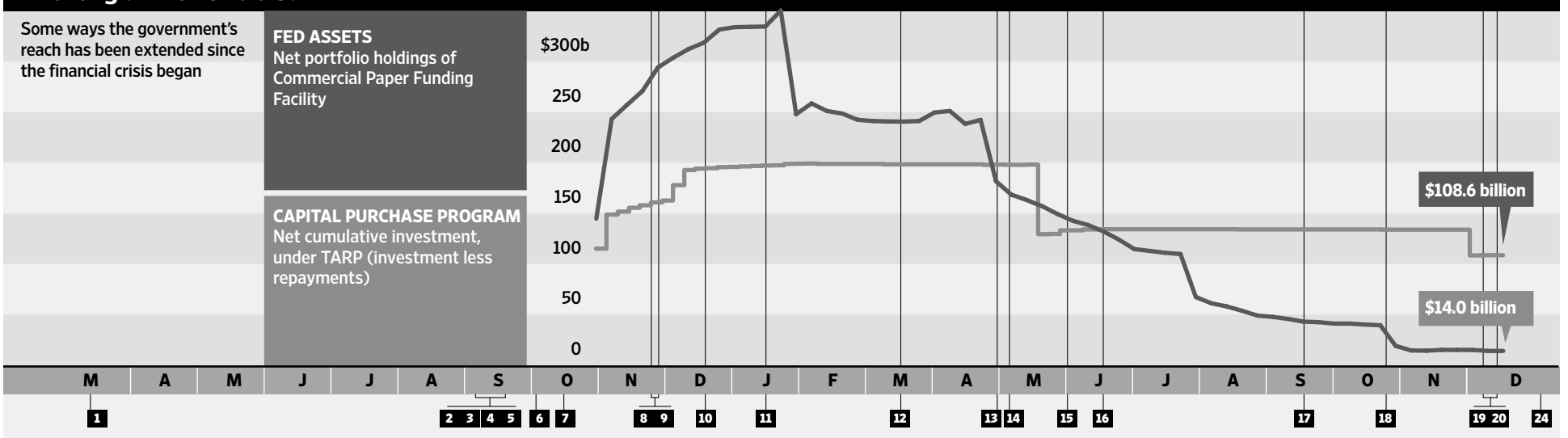
Not all of the rescues look successful. The U.S. had to redo its initial bailouts of giant insurer **American International Group** Inc. and of **GMAC Financial Services**, which was once a car-finance and mortgage firm and is now a bank holding company. Both remain unable to raise private capital.

The intervention comes with long-lasting costs, among them huge budget deficits that could eventually push up inflation and interest rates.

The International Monetary Fund estimates U.S. government debt will swell to the equivalent of 108% of annual economic out-

The long arm of Uncle Sam

Some ways the government's reach has been extended since the financial crisis began


FED ASSETS
Net portfolio holdings of Commercial Paper Funding Facility
CAPITAL PURCHASE PROGRAM
Net cumulative investment, under TARP (investment less repayments)
$300b
250
200
150
100
50
0
$108.6 billion
$14.0 billion
M A M J J A S O N D J F M A M J J A S O N D
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 24

1 March 14, 2008: Fed spends $30 billion to subsidize J.P. Morgan Chase's purchase of Bear Stearns.

2 Sept. 7: U.S. places Fannie Mae, Freddie Mac in 'conservatorship.'

3 Sept. 15: Fed, Treasury acquiesce in Lehman bankruptcy.

4 Sept. 16: Fed approves $85 billion loan to AIG, fires CEO, takes 80% stake.

5 Sept. 19: Treasury guarantees money-market fund deposits, Fed offers to buy assets from the funds.

6 Oct. 3: Congress approves $700 billion Troubled Asset Relief Program.

7 Oct. 14: Treasury uses $125 billion of TARP money to buy preferred shares in nine big banks. FDIC guarantees new bank debt through new Temporary Liquidity Guarantee Program.

8 Nov. 23: Treasury, FDIC and Fed rescue Citigroup by taking preferred shares in exchange for protecting Citi against securities losses. Treasury also injects another $20 billion in TARP funds.

9 Nov. 25: Fed creates Term Asset- Backed Securities Lending Facility (TALF) to revive securitization market. Fed begins to purchase mortgage-backed securities backed by Fannie Mae and Freddie Mac to bolster mortgage market.

10 Dec. 19: Treasury approves loans of $13.4 billion for GM and $4.0 billion for Chrysler from TARP.

11 Jan. 16, 2009: Treasury, Fed, FDIC rescue Bank of America by taking preferred shares in exchange for protection against security losses. Treasury invests another $20 billion TARP funds.

12 March 18: The Fed decides to begin purchasing Treasury securities, as much as $300 billion over the next six months.

13 April 30: Chrysler files for bankruptcy reorganization, sells to Fiat.

14 May 7: The Fed announces stress test results of 19 largest U.S. bank holding companies.

15 June 1: U.S. takes 60% stake in GM, which files for bankruptcy reorganization.

16 June 17: J.P. Morgan Chase, Morgan Stanley, Goldman Sachs and seven other banks repay their federal aid.

17 Sept. 18: Treasury ends money-market guarantee.

18 Oct. 22: TARP paymaster decides compensation packages for the top 25 top executives at seven large TARP recipients.

19 Dec. 9: Bank of America repays government aid.

20 Dec. 14: Citigroup, Wells Fargo agree to pay back government aid.

21 Dec. 24: Treasury decides to cover unlimited losses at Fannie and Freddie through 2012.

Sources: U.S. Department of Treasury (TARP figures); U.S. Federal Reserve (fed assets); Federal Reserve Banks of New York and St. Louis (timeline)

IN DEPTH

put in 2014, from 62% in 2007, absent politically difficult steps such as raising taxes or cutting benefit programs. As federal debt climbs, an ever-greater fraction of the budget goes just to pay interest, much of it to overseas creditors. The bill will worsen if interest rates rise from their current low levels.

Interest on the debt cost $182 billion in the fiscal year ended Sept. 30. Robert Pozen, chairman of MBS Investment Management, worries that within a decade, the interest bill could rival the defense budget, which was $637 billion last year.

The interventions also carry political costs. Their chief architects—Fed Chairman Ben Bernanke, Treasury Secretary Timothy Geithner and former Treasury chief Henry Paulson—say saving Wall Street was essential to saving Main Street. Many Americans, and a vocal group of lawmakers, disagree.

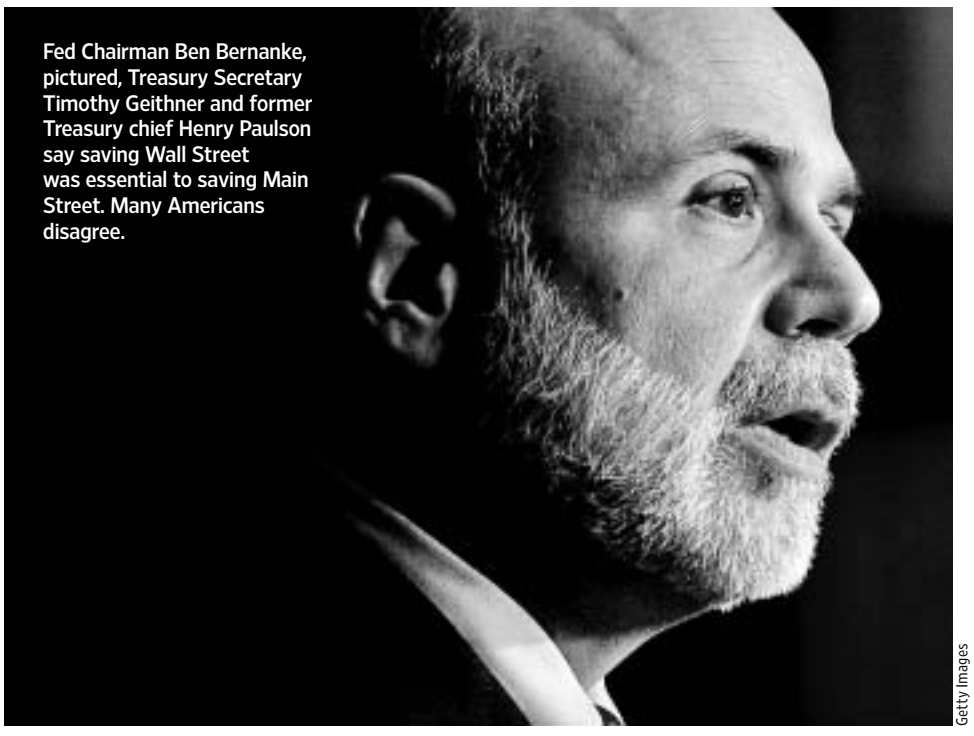
Only 21% of Americans polled by The Wall Street Journal and NBC News in December said they trusted the government to "do what is right," versus 64% shortly after the attacks of Sept. 11, 2001. In Congress, there is growing support for having the Government Accountability Office review the Fed's monetary policy, a move the Fed says would crimp its independence.

For some businesses, Washington now looms larger, affecting everything from the choice of executives to the fate of car dealerships. **U.S. Bancorp** has repaid its TARP money, but CEO Richard Davis nonetheless checked with Fed regulators in December to make sure it would be all right for the Minneapolis-based bank to raise its dividend. "We are still awaiting this guidance," Mr. Davis said in a statement announcing that the bank would retain its dividend level for now.

Bank of America Corp. also has repaid its aid, freeing itself from the condition lenders hate most about the bailouts: Treasury oversight of executive pay. Even so, it sought the Treasury's advice on a pay package before hiring a new chief executive.

The bank was considering paying $35 million to $40 million to hire Robert Kelly, CEO of **Bank of New York Mellon** Corp., much of it to buy out his unvested shares and options. The Bank of America board wanted to know how that would go over in Washington. Treasury paymaster Kenneth Feinberg told the bank that if it were still under his purview, he would reject the package. Around the same time, President Obama publicly bashed "fat cat" bankers.

With those two signals, the talks with Mr. Kelly fizzled, according to officials involved with the decision. The bank instead promoted an insider, Brian Moynihan, who had been working to repair the bank's reputation in Washington.



Fed Chairman Ben Bernanke, pictured, Treasury Secretary Timothy Geithner and former Treasury chief Henry Paulson say saving Wall Street was essential to saving Main Street. Many Americans disagree.

Getty Images

It thus chose a more politic man to lead it, post-crisis, than departing CEO Kenneth Lewis, who in a March meeting with the president had said he wouldn't "suck up" to federal economic aides, according to people familiar with the exchange. Mr. Moynihan, by contrast, told Obama aides in October that Bank of America wanted to work with the White House to achieve U.S. policy goals in areas like small-business lending and foreclosure prevention. As for his pay, Mr. Moynihan asked that it be determined later.

In the insurance business, some of the strong are complaining that the U.S. is warping the market by keeping the weak on life support.

Edmund "Ted" Kelly, chief executive of Boston-based insurer **Liberty Mutual Group**, points to the case of competitor **Hartford Financial Services Group** Inc. After acquiring a thrift and qualifying as a bank holding company, Hartford got $3.4 billion of TARP funds in June.

Liberty Mutual says it didn't ask for cash, and doesn't see why Hartford got any. "Nothing would have happened to the economy if Hartford failed," Mr. Kelly said. Hartford declined to comment.

The nature of post-crisis capitalism will depend in part on how the administration and Congress wield their new power. Inside Washington, there is profound ambivalence about this. Should the government, for instance, be an activist shareholder demanding change, like a Carl Icahn, or a passive one like an index mutual fund?

Herbert Allison, who left the private sector to run TARP, says, "We can't wait to get out of these investments. We don't view ourselves as a long-term investor." But in the here and now, the government is torn between its roles as shareholder and guardian of the public interest.

At Fannie Mae and Freddie Mac, where the Treasury holds warrants allowing it to acquire stakes of nearly 80%, the administration has put public interest first. It has instructed their regulator to have them administer efforts to cut monthly mortgage payments for millions of Americans to avert foreclosure.

The disagreements over how to wield power over business are playing out both within the Obama administration and between the administration and Congress—as is happening now in the auto industry.

The White House forced out a CEO of **General Motors** in March, and crafted carmaker bankruptcy restructurings that drew howls from some creditors. But it later lightened its hand. It appointed a board of private-sector directors and let that board oversee GM. The board, six months later, was able to fire a subsequent CEO without getting prior White House approval, according to Treasury officials.

Congress isn't so willing to surrender its leverage. That was clear when GM and **Chrysler** decided to terminate about 3,400 dealers. Many turned to their lawmakers, and Congress got involved, prompting the companies to reinstate about 110. But the dealers felt that was insufficient.

GM's frustration with the process boiled over at a mid-November meeting in the office of Sen. Richard Durbin (D., Ill.). GM's usually cool-headed chief lobbyist, Ken Cole, was too agitated to sit, say several participants. When Tammy Darvish, an executive of a dealership in Silver Spring, Md., pressed Mr. Cole about whether it would cost the company any money to reinstate a terminated dealer, the GM team started to pack their briefcases and threatened to walk out, according to Ms. Darvish and a government participant in the meeting. They say the GM team stayed only at the insistence of congressional staffers.

Congress later enacted a provision giving axed dealerships broadened grounds to appeal in arbitration procedures—broader than the White House or car companies sought.

A spokesman for GM declined to comment on the dealers meeting or Mr. Cole. But the auto maker, now 60% federally owned, said the arbitration law will hurt its efforts to turn a profit and repay the government, which has invested roughly $50 billion in the company.

—Dan Fitzpatrick contributed to this article.

WSJ.com

Online today: See a transcript of the interview with Lawrence Summers and a timeline of government's steps to stem the downturn at **WSJ.com/Economy**

Associated Press

U.S. President Barack Obama pictured in February following a meeting with Congressional financial committee leaders and his economic team.

FROM PAGE ONE

Bloomberg News

A bidder raises his paddle during an auction for one of two residential plots sold by the Hong Kong government Monday. Seated in the same row as the bidder is Sino Land Chairman Robert Ng (without glasses).

Hong Kong land sale signals cooling in market

Continued from first page

Henderson Land Development Co. fell 2% and **Cheung Kong (Holdings)** Ltd. dropped 1%, all after recent gains.

Market watchers believe real-estate prices in Hong Kong, a special administrative region of China, have been pushed up in part by what is known as hot money: spillover from stimulus funds spent in mainland China, despite Beijing's tight currency controls. The price gains have also come amid increasing bullishness in the region as Asia shakes off the economic weakness that plagues most of the world.

The price at the auction was about 13% higher on a per-square-foot basis than that paid by Sino Land and its partners in 2007 for their three other sites in the area, before the global financial crisis.

Analysts said developers are likely concerned the government might implement measures to avert a property bubble, possibly leading to a drop in property prices. Hong Kong Chief Executive Donald Tsang said in October that the government was watching real-estate prices and would fine-tune land policies if necessary.

Talk about the possible formation of a property bubble has increased after home sales and prices surged this year on the back of heavy fund inflows to Hong Kong and strong demand from local end-users amid low interest rates.

"In the face of all the mixed signals, the auction now clears some of the confusion and draws the market closer to reality," said Alvin Lam, director at Midland Surveyors.

"It could encourage flat sellers to price their homes at more reasonable levels and boost sales volume," he said.

Prices could still see upward pressure next year. DBS Vickers Securities estimated in a recent report that it expects 10,000 to 12,000 units are set to be completed each year from 2010 to 2012, compared with an average 21,000 annually from 1998 to 2008. Government figures show a steady decline in the number of new private residential units completed each year.

Sino Land has been active in replenishing its land bank in land-scarce Hong Kong, winning two tenders this year to develop property projects offered by the city's Urban Renewal Authority.

With the two sites it acquired Monday, Sino Land and its partners now hold a total of 3.25 million square feet of developable residential space in the same area as Monday's purchases. In 2007, Sino Land teamed up with other developers, including K Wah and **Nan Fung Group**, to buy three sites there for HK$10.16 billion.

Over the peak

Centa-City Index for secondary home prices in Hong Kong, weekly data

Source: Centaline

Chinese banks prepare to keep the lending spigot open

Continued from first page

which saw a significant slowdown in new loans. About 7.37 trillion yuan of 2009's new loans were issued in the first six months of the year.

But with demand for China's exports expected to remain soft, the government will need banks to continue lending at a reasonably quick pace.

"In 2009, the economy needed the credit to avoid the recession," says Victor Wang, banking analyst at UBS in Hong Kong. "But now, a strongly recovering economy will naturally need credit to keep going."

While that may help keep the economy bubbling along, the new loans may also increase the potential size of bad-debt problems that banks will have to deal with in coming years.

China's banks used to be, in effect, lending arms of the government. That led to an enormous pile of nonperforming loans that, by the late 1990s, rendered most state banks technically insolvent. In response, Beijing stripped nearly $200 billion of rotten debt off the banks' books and injected tens of billions of dollars more in capital. It also pushed the banks to adopt risk-based lending systems, an effort that made major progress in recent years.

But with the economic downturn last year, the government told banks to open the credit floodgates. About a quarter of new loans in the first nine months of the year went into infrastructure, but riskier manufacturing and property investments accounted for about 5% each. Even the infrastructure investments may give cause for concern in coming years, given that many local governments that sponsored the projects were already in a weak fiscal position.

While it's impossible to know now how much of that credit might go bad, analysts say that with such enormous volumes of lending, it is only a matter of time before more loans start souring. "The question is, how long does it take for nonperforming loans to go up," said Dorris Chen, a banking analyst at BNP Paribas in Shanghai.

Analysts say it is difficult to forecast exactly how much equity banks will likely have to sell in the coming year, although they expect the government to manage the process cautiously so that it doesn't spook investors. The China Banking Regulatory Commission has told banks to maintain "core capital," mainly consisting of equity capital and retained earnings, above 7% of loans, but analysts say that could be lifted to 8% to 9% in the coming year as part of Beijing's efforts to cushion banks from the effects of future bad debts.

Some banks, such as **Shanghai Pudong Development Bank** Co. and **China Merchants Bank** Co., had already slipped below the 7% core capital-adequacy ratio the regulator requires of them. In October, China Merchants' shareholders approved a plan to raise up to 22 billion yuan through a rights issue, but the plan has yet to be approved by the regulator. According to a report from Citi, the rights issue should lift the bank's core capital above 8%. A spokeswoman from Pudong Development Bank said the issue was too sensitive to comment on at this time. China Merchants also declined to comment.

The banking regulator has been tight-lipped about its plans for next year, but discussion of the fund-raising issue has swirled. On Monday, a Chinese newspaper cited Li Fuan, the China Banking Regulatory Commission's director general of the supervisory cooperation department for banking innovation, as saying banks will likely have to raise 500 billion yuan in capital this year, a figure that it said included an anticipated IPO from **Agricultural Bank of China** Ltd. When contacted by a reporter, Mr. Li said he never cited an exact figure, but analysts say the figure is within the realm of possibility.

Ms. Chen from BNP Paribas says that, excluding Agricultural Bank's expected IPO, banks may have to raise around 360 billion yuan in 2010, with that figure evenly split between debt and equity sales.

With China's midsize banks in a weaker capital position than the country's biggest banks, analysts say most of the capital raising from equity will likely be in the domestic Class A share market.

Analysts say **Industrial & Commercial Bank of China** Ltd. and **China Construction Bank** will have little need to raise capital in 2010, although **Bank of China** Ltd. may have to if the required core capital level is raised above 9%. China Construction Bank declined to comment, while ICBC and Bank of China didn't immediately respond to requests for comment.

—Ellen Zhu and Gao Sen contributed to this article.

Natural gas and Exxon's chemical romance
HEARD ON THE STREET 32

Late holiday shopping leaves retailers ahead
BUSINESS & FINANCE 20

BUSINESS & FINANCE.

Tuesday, December 29, 2009 THE WALL STREET JOURNAL. asia.WSJ.com

Bankers end year with China on their minds

[Asia Deal Journal]

By Nisha Gopalan

HONG KONG—Bonuses and league-table standings tend to dominate investment bankers' minds as the year draws to a close. But in Asia, as it has been for the past decade, the biggest issue on many bankers' minds will be China.

Bankers with teams in Hong Kong or branch offices in China are already reaping lucrative deal fees from Chinese companies making purchases in everything from the auto industry to natural resources.

But the bigger business in China is in underwriting and dealing yuan-denominated stock and bonds—and those can be undertaken only by ventures that are at least one-third Chinese-owned.

Initial public offerings of domestically listed A shares can take months. Fees can be skinny, too, at 1% to 2% of the value of the deal, compared with 2.5% to 3.5% for Hong Kong IPOs.

But in China, it is a volume game. Shanghai next year is set to surpass Hong Kong, this year's No. 1 market by funds raised, with as much as 380 billion yuan ($55.7 billion) in potential deals, estimates Ernst & Young. It was already the home of this year's No. 2 IPO, the $7.34 billion offering by China State Construction Engineering Corp., which lagged behind only the $7.52 billion IPO of Banco Santander Brasil SA.

That doesn't include the potential for foreign companies to list there, which could be allowed next year.

Bank of America Merrill Lynch, **Citigroup** Inc., **Nomura Holdings** Inc, **HSBC Holdings** PLC, **Macquarie Group** and **J.P. Morgan Chase** & Co. are all seeking what is known as an onshore presence, which means Beijing will allow them to handle yuan-denominated IPOs and new bond issues.

The handful already allowed include **Morgan Stanley**, which owns 34% of China's oldest such tie-up, **China International Capital** Corp.; **Goldman Sachs Group** Inc., which set up Goldman Sachs Gaohua Securities Co. in 2004 with China partner and rainmaker Fang Fenglei; CLSA Asia-Pacific Markets, the regional broking arm of **Crédit Agricole** SA; **UBS** AG; and last year's new entrants, **Credit Suisse Group** AG and **Deutsche Bank** AG.

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SMFG looks to grow abroad

Japanese lender may raise capital despite Basel grace period; a share sale in January?

By Atsuko Fukase

TOKYO—**Sumitomo Mitsui Financial Group** Inc., Japan's third-largest bank by assets, may consider raising capital by issuing common shares if needed to further expand its business, its president said.

Such a move would come in spite of a new proposal on global financial regulation that appears to give Japanese banks more time than expected to boost their capital.

The funds could be used to expand the company's business, including possible acquisitions, Teisuke Kitayama said in an interview.

"Our basic stance [on capital policy] is to increase retained earnings, but if there is a business chance and the retained earnings aren't enough to take the opportunity, we will have to think about raising capital," said Mr. Kitayama, 63 years old.

SMFG has total assets worth 120 trillion yen, or $1.31 trillion. But its operations are mostly domestically oriented, and it wants to expand overseas, especially in Asia.

"We may face a phase of further business expansion that would require some capital," Mr. Kitayama said.

SMFG President Teisuke Kitayama

Sources: Thomson Reuters Datastream; Bloomberg News (photo)

Market players had expected that Japanese banks might hurry to generate funds to meet stricter global financial requirements. But a tentative proposal unveiled this month by the Bank for International Settlements' Basel Committee on Banking Supervision provided a grace period.

The committee plans to issue proposals for specific requirements at the end of next year.

At issue is what is known as core Tier 1 capital, a measure of bank capital that excludes preferred shares, preferred subscription securities and deferred tax assets.

Japanese banks are thought to have lower core Tier-1 capital ratios than their Western peers. SMFG's core Tier 1 capital ratio stood at 4.7% as of Sept. 30, lower than Mitsubishi UFJ Financial Group Inc.'s 7% after it raised about one trillion yen in December.

Basel regulators so far haven't come up with a recommended minimum level for this ratio.

Some analysts think that other banks may follow MUFG, which is Japan's largest bank by assets, and raise capital soon through common share sales, because the stricter capital rules will eventually take effect even if there is a grace period.

"I think it's highly possible that banks like SMFG, with a focus on competitiveness with other banks, will raise capital in early January," said Hironari Nozaki, bank analyst at Citigroup Global Markets.

Like rivals, SMFG saw its shares fall between mid-November and mid-December on speculation of imminent capital raising. The stock was down 16% during that period, at a time when the benchmark Nikkei Stock Average of 225 companies gained about 3%. Its share price has regained ground since the tentative Basel proposal was unveiled.

SMFG's president sounded skeptical about whether stricter new capital rules are the right approach.

"I just feel this whole discussion over strengthening capital rules is based on the ethical doctrine that human nature is fundamentally evil," Mr. Kitayama said.

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Rivals put heat on Taiwan screen maker

By Ting-I Tsai
And Geoffrey A. Fowler

TAIPEI—For two years, **Prime View International** Co. has overcome technological hurdles to dominate the burgeoning market for electronic-reader screens. Now this small company faces encroaching competitors and even newer technologies.

Prime View's screens are used by the three most-popular brands: **Amazon.com** Inc.'s Kindle, **Barnes & Noble** Inc.'s Nook and **Sony** Corp.'s Reader. That gives it a near monopoly of a market where global sales are expected to surge to 12 million units in 2010 from five million this year, according to research firm iSuppli.

With e-reader sales booming, other companies, many of them far bigger than Prime View, want a piece of the action. Rivals in Taiwan, Japan and the U.S. are racing to roll out new technologies and features like color screens—on the top of users' wish lists, and key to newspapers and magazines making the transition to e-readers.

At the annual Consumer Electronics Show in Las Vegas next week, at least a half dozen companies will unveil new e-reading devices, including **Plastic Logic** Ltd., **Hearst** Corp.'s Skiff, **Spring Design** Inc. and **Entourage Systems** Inc.

And a new generation of integrated gadgets—such as **Apple** Inc.'s anticipated tablet device—threatens to erode the popularity of dedicated e-readers by offering color touchscreens and many of the functions of a regular computer.

Screen suppliers have been wooing Sony, the first big company to use Prime View's screens in its e-readers. Steve Haber, president of Sony's digital reading division, says "many different companies are approaching us to use their screen technology going forward."

Prime View is promising new products for next year, including color, and is working on advances like a flexible device and touchscreen interactivity. It plans to allocate 30% to 50% more money for research and development next year to achieve those goals.

"We believe we can keep leading in technology, production quality, cost and consumer awareness," Prime View Chairman Scott Liu said in an interview.

Prime View was established 17 years ago by former Chairman Ho Shou-chuan, whose family operated a Taiwanese paper company. Mr. Ho's worry: what if paper disappears? Prime View started manufacturing liquid-crystal display, or LCD, panels used in cellphones and car-navigation systems.

Associated Press

Prime View's screens are used in Amazon's Kindle and other e-readers.

But it faced fierce competition from larger rivals including **AU Optronics** Corp., which were pouring cash into bigger, more cost-effective factories. Prime View started looking at other screen technologies where it could gain a technological edge instead of competing on cost.

In 2005, it acquired the e-reader division of **Philips Electronics** NV, the beginning of a global buying spree. The purchase included a deal to make e-readers for Sony. Prime View followed by making them for Amazon in 2007. With the market starting to take off, it bought a Korean company for $300 million to expand production capacity.

This June, it made a critical deal, buying E Ink Corp. for $215 million. The U.S. company, started at the Massachusetts Institute of Technol-

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Late shopping benefits retailers

Procrastinating consumers, extra day help sales increase 3.6% from a year earlier

By Ann Zimmerman And Rachel Dodes

Retailers won the closely watched holiday skirmish with shoppers, who opened their wallets a little bit despite a still-struggling economy, fewer discounts than last year and limited variety on store shelves, according to newly released data.

A late boost from procrastinating consumers and an extra day of shopping between Thanksgiving and Christmas helped to lift total retail sales, excluding automobiles and gas, by 3.6% over the year-earlier period through Christmas Eve, according to **MasterCard** Inc.'s SpendingPulse unit.

Excluding the extra shopping day, the sales increase would have been closer to 1%, MasterCard said.

While some retail sectors fared better than others, overall "I'd call it a good season because the profits will be good," said Maggie Gilliam, president of Gilliam & Co., an independent retail-research and advisory firm in New York.

Retailers are increasingly confident that the shopping season this year performed substantially better than last year's, when consumer appetites for anything but essentials were minimal and stores cut their prices to the bone to try to lure customers. Despite these efforts, the 2008 holiday season was the worst in decades.

This year, store owners believe they navigated the tough economic terrain better by discounting a few items and offering other promotions, but keeping prices relatively steady for much of their inventory. This set up a game of chicken, with consumers hoping for signs of panic among retailers that would prompt last-minute price drops and retail executives betting that signs of a possible economic recovery would cause customers to finally give in and shop.

"From August through November, we saw sales of nonfood items rise in the mid- to high single digits," said Richard Galanti, chief financial officer at **Costco Wholesale** Corp. "We saw a heck of a lot of sales in December, too. Even sales of discretionary items picked up, but remember that was against weakness a year ago."

The holiday retail-sales results were in line with industry forecasts, which had ranged from a 1% drop to a 2.6% increase. But the last week of the month is expected to provide an added boost as shoppers head to malls for after-Christmas sales and to redeem gift cards that are projected to have been sold in higher numbers this year.

In Manhattan, Saks Fifth Avenue was mobbed Saturday morning with shoppers eager to partake in the 70%-off sale on designer clothing that lasted until noon. Bradley Schleyer, a 34-year-old Manhattan resident in the manufacturing business, picked up a Ralph Lauren fleece vest for $150 and a Robert Graham button-down shirt for $60. "The deals are good, but the prices are still pretty high this year," Mr. Schleyer said.

During the same period last year, overall retail sales fell 3.4% as the global financial crisis, the sharp decline in the stock market and a deep recession dragging into its second year chastened shoppers.

This year, with shoppers worried about the highest unemployment rate in decades and hampered by restricted access to credit, retailers expected a lackluster holiday and planned accordingly. "Last year was more of a free fall, while this year is more about stability," said Michael McNamara, vice president of research and analysis for MasterCard Advisors, in an interview Sunday.

Nonetheless, this year's season got off to a slow start, with sales over the Thanksgiving weekend rising just 0.5%, according to the National Retail Federation. By last Sunday, only 70% of shoppers had finished their holiday shopping, compared with 80% a year ago, according to the International Council of Shopping Centers, a Washington-based trade group. But the group still expects sales to rise 1% for the season.

Several sectors showed gains, including electronics and jewelry sales, rising 5.9% and 5.6%, respectively. Overall apparel sales and sales at luxury emporiums were relatively flat, and department-store sales fell 2.3%, according to Mastercard SpendingPulse, whose data are based on sales activity in the MasterCard payments network and estimates for all other payment forms, including cash and checks.

Lord & Taylor, a privately held department store with 46 stores mostly in the Northeast, is evidence that retailers must remain nimble. Its chief executive, Brendan Hoffman, said Lord & Taylor bet that sales would be up during the holidays, so it kept inventories stable instead of cutting back, sensing an opportunity to steal market share from competitors that might be out of stock on key items.

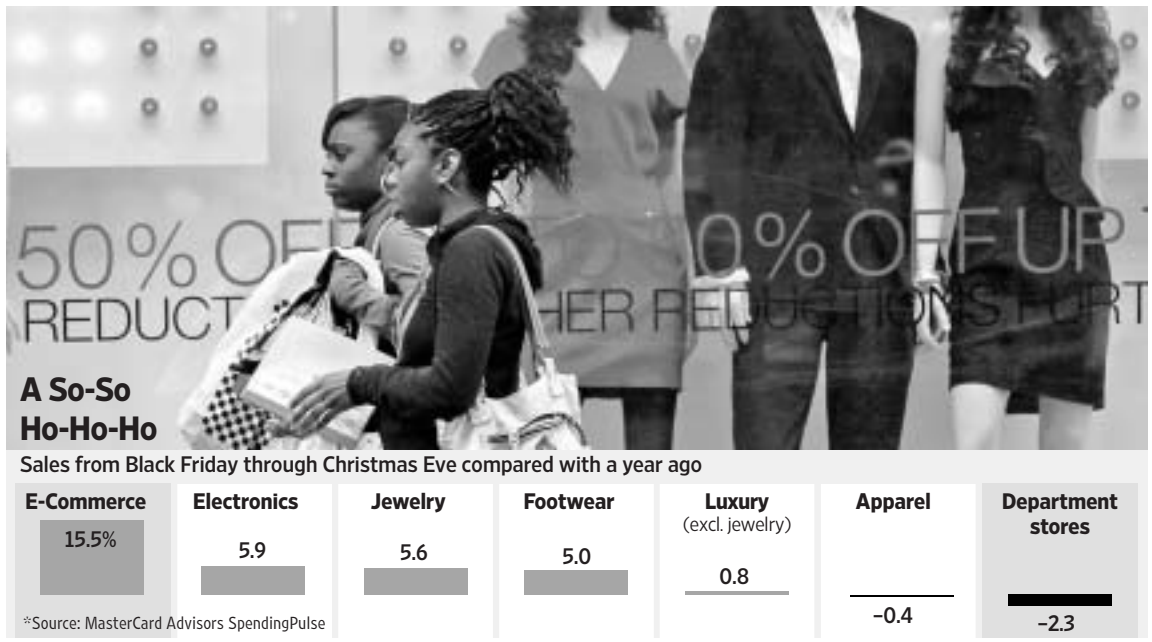
"Business was better than we feared it would be," Mr. Hoffman said, so raising inventory levels "paid off."

Many of the big retailers are now expected to post sales ahead of their modest plans, particularly **Macy's** Inc., Costco, **Target** Corp. and **Kohl's** Corp., according to Charles Grom, a retail analyst at J.P. Morgan Chase & Co. "They all had a pretty good month," Mr. Grom said. None of the retailers would comment directly on December sales results, which will be released Jan. 7.

With less merchandise to clear in the next few weeks, some stores are bringing in new winter apparel that they manufactured at lower costs so they can immediately mark the items down and not hurt margins, experts said. Stores such as **J.C. Penney** Co. are also stocking new spring merchandise for juniors to take advantage of gift-card redemptions. Sales of store-branded gift cards are expected to rise 1.9% this season, according to Mercator Advisory Group.

As predicted, sales over the Internet notched relatively strong growth in the season, rising 15.5%, according to MasterCard. Although online sales tend to wind down by the weekend before Christmas as free-shipping offers expire, a snowstorm that walloped the East Coast from North Carolina to all points north the Saturday before Christmas meant that many shoppers had little choice but to turn to their computers to finish off their gift lists.

—Elizabeth Holmes contributed to this article.



Asean to open currency pool in late March

By Kanga Kong

Asean and its three regional partners will launch a $120 billion currency-swap facility on March 24 that aims to ensure sufficient U.S. dollar liquidity in the event of a financial crisis.

The new pact is an upgrade of the Chiang Mai Initiative, which was launched in 2000 by the Association of Southeast Asian Nations plus Japan, China and South Korea. That came after regional countries experienced capital flight during the 1997-1998 Asian financial crisis.

As reported in May, the size of the fund will be expanded to $120 billion from $78 billion. The funds will now be available to all Asean countries plus its three partners, with Hong Kong also participating in the arrangement for the first time. Asean comprises Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

In contrast to the Chiang Mai Initiative's bilateral format, the pact is a multilateral agreement, with countries pooling funds from their foreign-exchange reserves.

"The core objectives...are to address balance of payment and short-term liquidity difficulties in the region, and to supplement existing international financial arrangements," the countries said in a statement released by the Korean government.

Most of the participating nations completed the signing on Dec. 24, with the pact to take effect 90 days later.

Japan and China, including Hong Kong, will each contribute $38.4 billion, or 32% of the total. South Korea will provide 16%.

Japan, China and South Korea will be able to tap as much as $19.2 billion each from the pool, while some of the other countries can borrow as much as five times their contributions, the statement said.

Any participating country can borrow as much as 20% of the funds allowed for it under non-crisis conditions. The remaining 80% can be tapped only when conditions are so grave that the country asks for an International Monetary Fund bailout, said Ahn Buyng-chan, a director-general at the Bank of Korea.

—In-Soo Nam in Seoul and Li Liu in Beijing contributed to this article.

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Seoul's nuclear victory

Political persuasion push pays off as consortium gets U.A.E. deal

By Jaeyeon Woo

SEOUL—South Korea used political persuasion as well as a sharpened competitive edge to win a high-profile, $20.4 billion deal to build four nuclear power plants in the United Arab Emirates.

U.A.E. officials over the weekend tapped a consortium led by **Korea Electric Power** Co., or Kepco, to design, build and help run the four plants from 2017 to 2020. The plants will be the first civilian nuclear reactors in the Middle East and mark the first time South Korea has exported its nuclear-design capability. "This success is the result of efforts by the government and many companies, but I have to tell you I also believe this is heaven-sent national fortune," President Lee Myung-bak, who took an active role in the process, said in a national address Monday.

Lee Myung-bak

The victory over groups from France and the U.S. that are the traditional powers in the nuclear industry is a new sign that South Korea's economic sophistication is growing beyond commodities like steel and consumer goods like cars and television sets.

"The deal is very meaningful in terms of helping South Korea diversify the country's exporting items," said Oh Tae-dong, analyst at **Taurus Investment & Securities** in Seoul.

On Monday, shares jumped in Kepco, which is majority-owned by the South Korean government, and in the construction companies involved in the deal—**Doosan Heavy Industries & Construction**, **Hyundai Engineering & Construction** and **Samsung C&T** Corp.

South Korea today operates 20 nuclear reactors, about half of which were built mainly with domestic technology. There are also six under construction and plans for 12 more by 2030. But winning the U.A.E. nuclear-plant deal took an intense sales job from the highest levels of South Korea's government, led by a president whose career as a construction executive included building some of the country's own nuclear plants.

On Monday, aides revealed the depth of Mr. Lee's efforts to secure the deal, which climaxed with a surprise trip to Abu Dhabi on Saturday. "He was basically chief supervisor from early on. He frequently advised on the project," one presidential aide said. In May, Kepco formed a "war room" in the second basement of its Seoul headquarters for 80 executives from the companies to coordinate the proposal and sales push. Huge signs around the room bore slogans such as "UAE Nuclear Exports, We Must Do It!" Mr. Lee sent his chief economic adviser to be the government's main liaison to the war-room group.

Early in the UAE's process, many observers expected it would mainly be a contest between the French consortium including **Areva**, **GdF Suez** SA, **Electricite de France** and **Total** SA and a U.S.-Japanese consortium including **General Electric** Co. and **Hitachi** Ltd. French President Nicolas Sarkozy repeatedly touted nuclear power in visits to the UAE and other Middle East countries over the past two years. After the French team in October made a renewed push for the project, Mr. Lee in early November tapped Han Seung-soo, the country's senior statesman, to lead a delegation to the UAE to argue that South Korea could do more to diversify that country's oil-centered economy.

—Soo-Kyung Seo contributed to this article.

Rivals pressure Taiwanese screen maker

Continued from page 19

ogy, had been licensing its screen technology to Prime View. Buying it gave the Taiwanese company greater control.

E Ink's technology, which uses tiny capsules filled with charged black-and-white particles, makes an image that is easy on the eye and requires little power.

The company says its color screens, which place a color filter on top of the existing black-and-white technology, will be ready to ship to manufacturers by the end of next year.

But Sriram Peruvemba, E Ink's vice president of marketing, says the color screens may not make it into products by the 2010 holiday shopping season.

And E Ink's color screens feature less saturation than regular computer screens, so are only suitable for newspapers, magazines and textbooks, and won't be rich enough to show video. Mr. Peruvemba says E Ink is developing a new generation of richer color displays.

Prime View's acquisitions, and its continued involvement in the volatile LCD business, have made for rocky financial performance. It lost money last year.

This year, with e-reader sales growing, analysts expect revenue to rise by about 37% to more than $500 million. But they expect Prime View to report another loss this year, before turning a profit in 2010.

Prime View's new competition includes old rival AU Optronics, now the world's third-largest LCD maker with revenue of about $13 billion last year.

AU Optronics aims to grab 30% of the e-reader screen market within two years, and is targeting clients including Sony, Amazon, and Barnes & Noble, says C.T. Liu, its senior vice president of consumer-product displays.

Screen suppliers have been wooing Sony, the first big firm to use Prime View's screens in its e-readers.

AU Optronics has acquired 30% of U.S. company **Sipix Imaging** Inc., which says its technology enables thinner, more flexible displays at lower production costs.

AU Optronics "can immediately allocate lots of resources" to e-reader screens if it chooses, says Calvin Hsieh, analyst in Taipei at research firm DisplaySearch.

Prime View has responded, in part, by teaming up with **LG Display** Co., a rival maker of LCD screens. Earlier this year, the two firms signed a deal over E Ink's technology. On Monday, LG signed a cross-licensing deal with another Prime View subsidiary and bought $30.5 million worth of bonds.

Even companies outside the display industry are piling in. **Delta Electronics** Inc., a Taiwanese maker of power supplies, is using a screen technology developed by a Japanese tire company, **Bridgestone** Corp.

San Diego-based **Qualcomm** Inc., best known for its wireless technology, could also turn into another competitor.

Its technology, called Mirasol, uses micro-electromechanical systems, or MEMS, and thin-film reflective material to produce color images that remain vivid even in direct sunlight.

The result is screens that can produce full color and refresh quickly enough to show video. Qualcomm has begun aggressively pitching its low-power color screens to makers of e-book and other devices.

Another potential competitor is **Pixel Qi** Corp., which recently began producing 10-inch screens for use on tablet-style devices that feature color and video but use one-half to one-fourth as much power as a regular LCD screen.

The company, which spun out of technology developed for the low-cost One Laptop Per Child program, hopes it can keep the prices of its screens low by using standard LCD manufacturing materials and processes.

SMFG weighs selling shares to fund growth abroad

Continued from page 19

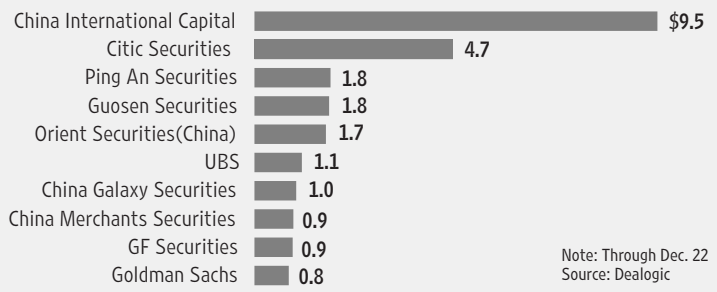
No matter how much the regulators tighten the rules, some companies will try to find a loophole, Mr. Kitayama said. "I personally feel corporate ethics and internal controls are more important," he said.

Constrained by a shrinking population and a sluggish economy in its domestic market, SMFG is looking for more global alliances. Mr. Kitayama said the bank's focus will be on Asia. "We'll strengthen businesses such as trade finance, syndicated loans and project finance in the region," he said.

SMFG also plans to go ahead with a New York Stock Exchange listing next year, something it announced several years ago. By listing on the New York market, "we hope to diversify investment and obtain trustworthiness as a financial institution," he said.

Home-field advantage

Chinese companies led equity-market underwriting this year. Funds raised in billions of dollars



Note: Through Dec. 22
Source: Dealogic

Bankers have China on their minds

Continued from page 19

Joint ventures with Chinese partners don't always go smoothly.

Two years ago, BNP Paribas SA ended its five-year tie-up with Changjiang Securities following disagreements over strategy.

Morgan Stanley is seeking to sell its 34% stake in its venture with CICC and is seeking a new presence on the mainland where it can have more control.

Only two foreign banks, Goldman and UBS, have day-to-day management control. Few of the ventures—apart from UBS, CICC and CLSA's six-year-old venture—have access to the secondary market to trade Chinese shares.

Getting a full onshore presence isn't easy. A-share IPOs can be done only by sponsor representatives, or the small number of bankers who have passed a notoriously difficult exam. Once formed, the joint venture must wait five years to apply for a brokerage license for the secondary market.

Regulators have been setting up more roadblocks. In September 2006, the China Securities Regulatory Commission put a two-year halt to new foreign-invested ventures. Last year, it placed a nine-month ban on IPOs, which didn't lift until June.

As a result, the foreigners lag behind domestic companies.

China's top five underwriters for A-share IPOs and follow-on offerings are all mainland firms.

CICC took first place, with $9.5 billion of equity deals this year, followed by **Citic Securities**, which had a 16% market share, and Ping An Securities Co., with a 6.1% share.

UBS was sixth this year, with a 3.8% share of the market, or $1.1 billion of deals. Goldman was at No. 10 and newbie Deutsche Bank at No. 36. The access of the Chinese securities firms to retail investors and their hundreds of brokerage branches throughout China add to the edge they have.

Foreign banks aren't giving up. Many are offering training and technology to China's regulators. As one Goldman banker put it, "CSRC is our client No. 1 in China."

Says another bank determined to break in: "If you're not in China, if you're not part of the capital-raising mechanism at the beginning of the 21st century in the world's fastest growing market, you're missing the biggest opportunity there is."

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New pitches for a new year

Wider use of animation, split screens are among trends expected to emerge in advertising

By Suzanne Vranica

The U.S. economy may continue its gradual recovery next year, but the nation's advertising is expected to show the influence of the recession through 2010.

There isn't expected to be a letup in the rough-and-tumble sales pitches that hit the airwaves, Web and magazines this year, as advertisers like **Campbell Soup** and Verizon Wireless, jointly owned by **Verizon Communications** and **Vodafone Group**, took direct aim at their competitors. Advertising executives expect such barbed comparison ads to continue.

Other companies, meanwhile, will be showing their softer sides. In the bleak aftermath of the recession, many marketers think American consumers will respond to brands they perceive as giving back to the community.

PepsiCo, for example, recently decided against advertising during the Super Bowl, American football's championship game, in favor of an online campaign that doles out funds for charitable purposes.

"It's cool to do good," says Rob Schwartz, chief creative officer of **Omnicom Group**'s TBWA/Chiat/Day Los Angeles. Industry executives also are convinced it will be an effective marketing strategy.

Another of next year's prominent themes will be a throwback to the early days of television. Ad executives say they expect an increase in live TV commercials, which made a comeback in 2009.

In the spots, American talk-show hosts such as Jimmy Kimmel perform skits featuring the advertiser's product. "We are looking at ways to keep the consumer engaged, and live TV ads are helping us do that," says Richard Gagnon, chief media officer at **Interpublic Group**'s DraftFCB.

Here are some other things–including fewer actors and more animated characters–that Madison Avenue executives say Americans will be seeing in 2010:

Associated Press

Scene from a Verizon Wireless commercial, in which the carrier touts its 3G cellular network as wider than rival AT&T's. Such comparison ads are expected to stay in style in the U.S. next year.

Rising Stars

Social-network personalities will make their way to mass-media stardom next year, says Christian Haas, creative director of Omnicom's Goodby Silverstein & Partners. Mr. Haas says consumers will see the ubiquitous press quotes that pepper movie and car ads share screen time with the average Joe's tweets.

Divided Attention

TV networks are increasingly looking for ways to stop consumers from ad-zapping, says Mr. Gagnon of DraftFCB.

Mr. Gagnon says TV viewers will see more split screens that give them a glimpse of what is going on behind the scenes of a show while a commercial runs on the other side of the split.

DraftFCB is looking at doing a test of the ad format for one of its clients during a prime-time talk show. Consumers would see the talk-show host getting ready for his next segment on one side of the screen while the ad plays on the other side. More of these ads are likely during live programs and sporting events, Mr. Gagnon says.

Mobile, for Real

Mobile advertising has long been promised and largely underdelivered. David Lubars, chief creative officer of Omnicom's BBDO, says he thinks a breakthrough is right around the corner. It'll have something to do with longer-form entertainment, he says.

Daryl Lee, president of global communications planning at Interpublic's Universal McCann, predicts mobile marketing will find a purpose: helping consumers find what they are looking for at local stores, probably in the form of apps, gadgets and widgets, not regular ads.

Tiger Fallout

As the fallout from golfer Tiger Woods's alleged infidelities continues, the episode will have a drastic effect on sports marketing, says Tony Ponturo, former head of global sports marketing for brewer **Anheuser-Busch InBev**.

Consumers are likely to see fewer big-name celebrities and athletes pitching for brands.

Mr. Ponturo says marketers will look more to sponsor teams, leagues and events, rather than individuals, an approach with fewer risks.

Employee Pitchmen

Employees are well-versed in the products they represent, and their enthusiasm can enhance a brand exponentially on the Web, says Marian Salzman, a trend spotter for **Havas**'s Euro RSCG Worldwide.

Best Buy has been ahead of this curve, Ms. Salzman says, with employees, called Blue Shirts, who pitch for the electronics retailer in TV ads and on Twitter, Ms. Salzman says.

Avatar Envy

Thanks to the new sophistication in animation, "We are going to see more animation and virtual talent in ads. It's cheaper than hiring actors," and it avoids the risk of having your brand associated with a celebrity, says Mr. Gagnon of DraftFCB.

Less Glitz

More ads will be made on the cheap, as advertisers continue to cut costs and seek a way to connect with digitally savvy consumers who see the world through their iPhone, says Mr. Schwartz of TBWA

Studios make big digital sales push

By Sarah McBride

The Showtime cable-television network has begun selling episodes of its hit series "Weeds" online, weeks ahead of the DVD release.

The tactic, by "Weeds" producer **Lions Gate Entertainment** Corp., is the part of a more aggressive effort Hollywood is taking to boost online sales of digital movies.

Studios have become bolder in how they push their shows and movies over digital channels. Earlier this month, **Sony** Corp.'s Sony Pictures started making online rentals of its hit movie "Cloudy With a Chance of Meatballs" available for owners of some Sony TVs and other devices, well before the film's Jan. 5 release on DVD.

A Sony spokesman declined to say how many consumers were taking the offer.

For years, studios have been betting that online distribution of movies and TV shows would turn into a robust business. Instead, it barely budged. A few years ago, **Walt Disney** Co. began pushing out its movies online at the same time that the DVDs became available. Many others have followed suit.

Online movie sales will bring in just $237.7 million to studios this year, calculates Tom Adams, president of Adams Media Research. That compares with the more than $10 billion that will go to studios from sales of DVDs and Blu-ray discs.

Meanwhile, DVD sales, traditionally one of Hollywood's biggest money makers, have fallen off a cliff.

Consumers had plenty of reasons not to embrace online movies. Internet speeds in many homes weren't fast enough, and most people still prefer to watch movies on TVs rather than computers.

Studios have had some success with video on demand, which allows consumers with digital cable to order up a movie using their cable set-top box. Video-on-demand sales totaled $1.27 billion this year, but that falls short of early expectations. In 2002, for example, some consultants were predicting the business would reach $2.8 billion by 2006.

Many studios have begun throwing in a free digital copy with the purchase of Blu-ray discs. Typically, the digital copy comes on a separate disc that consumers can copy onto their computers, or is available at a Web site where consumers download a copy after entering a code.

Thomas Gewecke, president of digital distribution at **Time Warner** Inc.'s Warner Bros., says consumers redeemed about 20% of free digital copies of "The Dark Knight" that came with the Blu-ray disc last year, a record for the studio. This year, "The Hangover" is one of the studio's most-watched online titles.

"The real issue with digital is there hasn't been an obvious reason to use it," because most consumers want to watch downloaded movies on their TVs, says Kevin Lewis, senior vice president for digital entertainment at **Blockbuster** Inc.

That is why he and other online movie purveyors are looking for a boost from new Internet-connected TVs, digital recorders and DVD players that will be hitting stores.

Some studios are looking to connected devices that already are in millions of homes: gaming consoles like Sony's PlayStation 3 and Microsoft Corp.'s Xbox 360.

Putin opens oil terminal

Associated Press

Prime Minister Vladimir Putin on Monday opened a new oil-export terminal that will serve as a key gateway for Russian energy exports to Asian markets.

Mr. Putin clicked on a computer mouse to fill a Russian tanker bound for Hong Kong at the terminal in the fareastern port of Kozmino. "It is a strategic project which enables us to enter the growing markets of the Asia-Pacific region," Mr. Putin said.

Russia has sought to diversify its energy exports, which until now have been mostly bound for Europe.

Mr. Putin said it cost 60 billion rubles, or about $2 billion, to build the terminal.

Kozmino is the destination of a new pipeline that will pump crude from huge oil fields in eastern Siberia. The pipeline's first, 2,750-kilometer section, linking Taishet in eastern Siberia with Skovorodino near the border with China, was completed last month, but exports to the energy-hungry economic giant are expected to start only in 2011 after the two neighbors' pipeline systems are linked.

Minmetals acquires Hunan stake

BEIJING—**China Minmetals** Corp. agreed Monday to take a 51% stake in **Hunan Nonferrous Metals Holding Group** Co.

China Minmetals paid 5.56 billion yuan ($814.4 million) for a 49% stake in Hunan Nonferrous, Minmetals said on its Web site.

The Hunan provincial government also transferred a 2% stake in Hunan Nonferrous to Minmetals. The provincial government will retain a 49% holding in Hunan Nonferrous, China Minmetals said.

Zhou Zhongshu, chairman of China Minmetals, said the deal is the first major consolidation in the country's nonferrous-metals sector after the government said earlier this year it intended to form three to five industry conglomerates by 2011. Beijing is seeking to curb excess output capacity in the sector.

Mr. Zhou said Hunan Nonferrous will consolidate zinc, lead and rare earth resources in Hunan province over the next three to five years.

Three units of Hunan Nonferrous—Nonferrous Metals Corp., Zhuzhou Smelter Group Co. and China Tungsten & Hightech Materials Co.—were suspended from trading last week ahead of the announcement. —*Juan Chen*

MARKETS

A guide to the U.K. bank bonus tax

Financial institutions scramble to understand the law as they prepare compensation pools for distribution

By Sara Schaefer Muñoz

LONDON—Managers at banks are scrambling to understand several still-murky areas of how a new tax on bonuses will work, as guidance from officials continues to emerge.

The one-time tax is to be paid by banks on the portion of any discretionary bonus awarded above £25,000 ($39,910). The announcement of the tax earlier this month roiled the industry and prompted intense discussion about how the bonus tax will work.

Among the issues: How does the tax apply for non-bankers, such as technology workers or on-staff legal advisers? Are bonuses of bankers based outside the U.K. who work often in London subject to the levy? What is the proper treatment of deferred and non-cash compensation?

Banks want answers swiftly; most plan to finalize their bonus pools in January.

The government said the tax is aimed at curbing what it considers excessive bonus practices in the wake of the taxpayer-funded rescue of the financial system. It is also a way for Prime Minister Gordon Brown's Labour Party to tap into antibanker sentiment ahead of an election that must be called by June.

Banks can opt to pay out bonuses as they planned and simply shoulder the 50% tax. Or they can reduce the tax by reducing bonuses in the U.K. or by spreading the pain around the globe, a strategy several banks are considering. But first, the banks need to understand the tax, which the government estimates will net it at least £500 million.

Tax officials recently clarified that the tax would relate only to deposit-taking institutions and investment banks, while insurance companies, asset managers, stockbrokers and other related businesses, such as law firms and accountants, are exempt. Yet within banks, some situations are expected to be considered on a case-by-case basis and "inevitably there will be some discussion and some debate," says Paul Franklin, a spokesman for Her Majesty's Revenue and Customs Service.

Here are some of the gray areas that banks and U.K. tax officials are looking at.

On which employees' bonuses must the bank pay the tax?

Within banks, says the technical note on the draft legislation, the tax will affect people whose employment involves duties that relate either "directly or indirectly" to regulated activities such as deposit-taking, trading, and investment deal-making.

"'Indirectly' is cavernously wide," says Stephen Herring, a senior tax partner at BDO LLP, a U.K. accounting firm.

People who work for a unit of a banking group but aren't actually involved in banking—for example, if they work for a bank's insurance business—would be exempt, Mr. Franklin says. But he says there are gray areas with certain categories of employees, such as Internet technology specialists, top-level executive assistants, government-relations teams and legal advisers.

For example, an IT specialist who supports a trading-floor platform would be subject to the tax, Mr. Franklin says, while one who works on another side of the business, such as customer service, might not. The bank will be asked to show that a certain person or groups shouldn't be taxed, he says.

Reuters

Chancellor of the Exchequer Alistair Darling announced the bonus tax.

"We are not looking to broaden the net as far as we can," Mr. Franklin says. "It is about focusing the tax to discourage a culture of awarding bonuses that encourage risky lending."

What about people based elsewhere who work often in London?

An employee of a U.K. bank based in, say, New York and paid out of New York but who flies to the U.K. for meetings or other business, would be subject to the tax, according to tax officials.

The Revenue and Customs Service on Wednesday clarified in a statement on its Web site that the tax wouldn't apply to an employee who visits the U.K. for 60 days or fewer in the tax year 2009-10. The U.K. tax year ends April 5.

Spokespeople for the U.K. revenue department say employees who travel to the U.K. for more than 60 days in that period would be subject to the tax depending on their contracts, and to what degree performance is based on duties performed in the U.K.

The tax, in situations in which employees spend part of the year in the U.K., will be levied on the full year's bonus, not the portion related to U.K. work, a Revenue and Customs Service spokesman says.

Alternately, if employees are based in the U.K. but their jobs take them abroad for a good part of the year, they could still be subject to the tax, the spokesmen says. Again, it would depend on how much of their bonus is related to U.K. work.

How will deferred compensation be addressed?

Given the new Group of 20 guidelines surrounding pay packages this year, banks plan to pay a good deal of their awards in shares that don't vest for several months or several years.

That raises the question of how such awards would be taxed, since their value to an employee may not be known until shares vest several years after the award is made.

U.K. treasury and tax officials have said that compensation in the form of shares or other instruments will be taxed according to its value when the award is made.

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DOWJONES

CEO OUTLOOK

JAN. 17
Circuit City begins liquidating after losing the electronics battle with **Wal-Mart** and **Best Buy**.

JAN. 26
Pfizer says it will buy **Wyeth** for about $68 billion.

FEB. 27
GE chops its dividend by 68%—its first such cut since the Great Depression.

MARCH 29
Government ousts **GM** Chief Executive Rick Wagoner.

APRIL 20
Oracle strikes deal to buy **Sun Microsystems** for $7.4 billion.

APRIL 30
Chrysler files for bankruptcy reorganization.

JUNE 1
GM files for bankruptcy reorganization.

JUNE 10
Chrysler emerges from bankruptcy, **Fiat** takes management control.

JULY 10
GM exits bankruptcy with the U.S. owning 60% of the car maker.

JULY 24
'Cash for clunkers' U.S. rebate program starts and nearly runs out of funds after a few days.

Photos: Bloomberg News (Circuit City, Rick Wagoner); Reuters (Cash for clunkers)

CEOs see light after a dismal 2009

It was a year many chief executives would like to forget. Sales plummeted, consumers disappeared and profits evaporated. But some corporate chiefs found a silver lining—or at least a new impetus to try things differently. Below, eight CEOs tell how they managed during the worst downturn in memory—and talk about signs of hope for 2010.

After 'Horrific' Year Caterpillar Spots Upturn

One thing **Jim Owens** learned managing through this "horrific" year is that the Boy Scouts are right. "Being prepared" was crucial to weathering the storm, said the **Caterpillar** Inc. CEO, echoing the Scout motto.

In 2005, Mr. Owens ordered each of his construction and mining equipment company's 28 business units to devise a detailed plan for what they would do if their individual markets hit a 25-year low. Mr. Owens, a 63-year-old Ph.D economist, knew the good times had to end eventually.

Jim Owens

And indeed, sales for this year are expected to fall almost 40% to between $32 billion and $33 billion.

During the boom, Caterpillar expanded aggressively by hiring workers and enlarging factories—but it also built in greater flexibility by relying more on temporary and contract workers. As business slid, the Peoria, Ill., company slashed 37,000 workers—but only about half those were full-timers. The rest were easier-to-shed temporary or contract workers.

Thanks to the rapid cost-cutting, Mr. Owens said, "We actually sustained operating profit every quarter," and continued a high rate of investing in research and development.

Now there are signs of an upturn. Caterpillar already has seen a sharp rebound in China, he said, aided by that country's big stimulus spending.

The U.S. stimulus is another story. Delays in getting the money to highway and other projects mean it has failed to pump up demand for Caterpillar's earth-moving equipment.

—Timothy Aeppel

Downturn Gives Yahoo Reason for Revamping

Yahoo Inc. Chief Executive **Carol Bartz** dealt with a year of frozen advertising budgets the same way she usually operates: by shaking things up.

"I've come to believe in the last couple of cycles that this is the time to make the most change," said the 61-year-old executive, who was CEO of software maker **Autodesk** Inc. for 14 years before coming out of retirement to join Yahoo in January 2009. "That's what I like about downturns. It makes everyone snap to."

For Ms. Bartz, that meant cutting products like GeoCities, a little-used community site, and Yahoo Briefcase, an online data-storage service. It also meant trimming staff. Yahoo laid off about 700 employees, or 5% of its work force, in April.

The straight-talking Ms. Bartz would have taken these measures anyway as she tries to reinvent the dusty Internet pioneer.

But she said the recession gave her another excuse to battle the company's inertia. She has pursued a similar strategy with Yahoo's customers, urging advertisers to use the recession as a reason to try new ad formats, such as ads optimized for cellphones.

Ms. Bartz also decided that Yahoo—whose revenue has fallen for several quarters year over year—should set an example, launching a $100 million re-branding campaign in the fall. "If we don't stand up and advertise in slim times, why would we ask our client advertisers to do it?"

Carol Bartz

Ms. Bartz also struck a deal to outsource some of Yahoo's search technology to **Microsoft** Corp., to help it focus on other areas such as its home page and Yahoo Mail.

She is sticking with a similar playbook for next year, for which her outlook isn't too sanguine. While business conditions are stabilizing, she said, she hesitated to predict an upturn and noted that high unemployment is keeping consumers and businesses anxious. Ms. Bartz said the biggest risk for 2010 is that "the economy stays kaput" because small businesses lack capital to grow.

—Jessica E. Vascellaro

At Southwest, Free Bags and a Dose of Caution

Gary Kelly plans to stick to a strategy that set **Southwest Airlines** Co. apart from rivals during a turbulent 2009: Don't charge customers for stuff they used to get free.

As the recession sent travel demand plunging, most airlines tried to replace lost revenue by ramping up fees for checked luggage. Mr. Kelly, Southwest's chief executive, responded by rolling out a "Bags Fly Free" ad campaign to cement the carrier's low-cost image.

Mr. Kelly thinks that helped Southwest gain market share. The Dallas-based airline's revenue fell the least among the half-dozen largest U.S. carriers this year, even as the industry collected more than $2 billion in baggage fees. Southwest is also the only one expected to eke out a profit.

The 54-year-old executive is betting the stand-apart policy will be a powerful magnet for the discount giant again in 2010, despite recent signs airlines are regaining pricing power as traffic rebounds. He predicts budget-conscious consumers will continue to drive demand and is skeptical that high-spending business travelers will return en masse any time soon.

"Our view is that the economy is going to continue to be pretty weak at least for next year," said Mr. Kelly, who is also Southwest's chairman. The airline is planning to keep capacity roughly flat, he added.

The biggest risk for the industry is another jump in energy prices, Mr. Kelly said. To protect itself, Southwest has hedged about 60% of its 2010 fuel needs, up from 10% earlier this year.

Mr. Kelly said Southwest learned to do more with less in 2009 after several years of rapid growth. By slashing frequencies on poorly performing routes, it was able to launch new service at several airports—including New York's LaGuardia and Boston's Logan—while cutting its overall capacity by 5%.

The carrier plans to fly to one new destination—Panama City Beach, Fla.—in May but the odds are "less than 50%" that it will add any other cities in 2010, he said.

—Mike Esterl

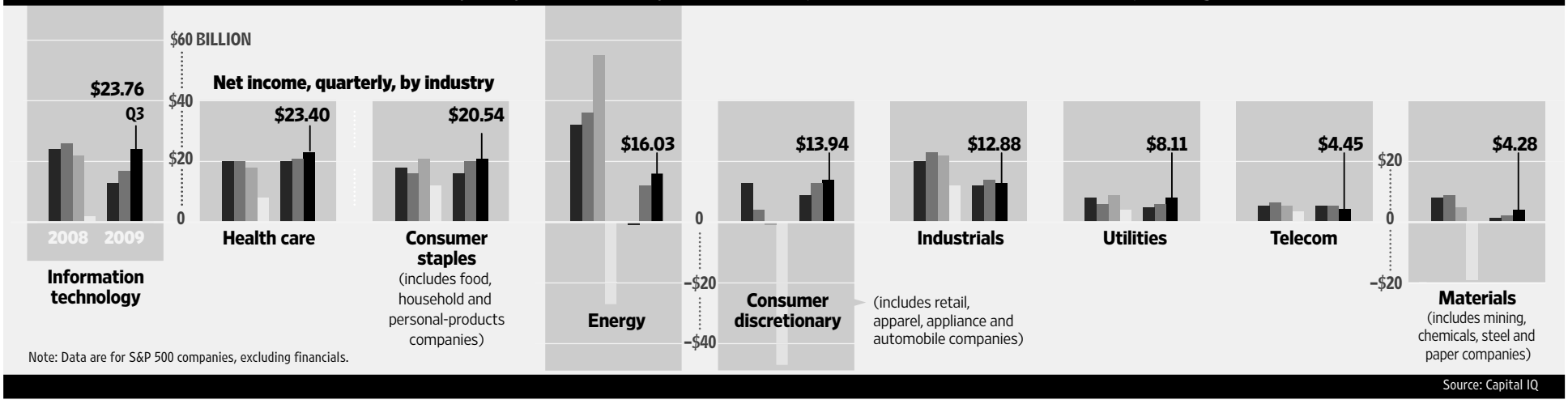
Home Builder In China Sees Risk And PromiseAs Bubble Looms

The last two years haven't been kind to the world's real-estate developers—except, that is, those in China.

Few have enjoyed a better run during that rocky period than **Wang Shi**, the 58-year-old chairman of **China Vanke** Co., the biggest housing developer in the world's most robust major economy. Vanke's revenue in the first nine months of 2009 jumped 32% from a year earlier to $4.1 billion, while net profit rose 30%.

Mr. Wang said the Chinese government's stimulus saved the day. Before the government swung into action in late 2008, perhaps a third of China's real-estate companies were on the verge of collapse, he es-

Profit makes a comeback | After a steep drop last winter, profits in many industries have recovered to year-ago levels.



Note: Data are for S&P 500 companies, excluding financials.

Source: Capital IQ

CEO OUTLOOK

JULY 29
Facing **Google**, **Microsoft** and **Yahoo** agree to cooperate in online search.

AUG. 31
Walt Disney says it will buy **Marvel** Entertainment for $4 billion.

SEPT. 7
Kraft bids $16.7 billion for **Cadbury**; British candy giant rejects offer.

SEPT. 9
Apple's Steve Jobs appears in public for first time after liver transplant.

SEPT. 21
Dell says it will buy **Perot Systems** for $3.9 billion.

OCT. 15
Wal-Mart starts book price war online with **Amazon**.com.

NOV. 3
Warren Buffett says he will buy railroad **Burlington Northern Santa Fe** for $26.3 billion.

DEC. 3
GE agrees to sell control of **NBC Universal** to **Comcast** for $13.75 billion.

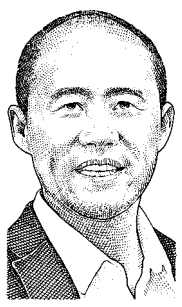
DEC. 14
Exxon agrees to buy **XTO Energy** for $31 billion.

DEC. 15
Boeing's Dreamliner jet finally takes its first flight after being delayed for two years.

Photos: Bloomberg News (Burlington Northern Santa Fe, Dreamliner); Sipa Press (Steve Jobs)

timates, due in part to officials curbs implemented a year earlier to cool a market that seemed to be overheating.

But that same forceful action has created what he sees as the biggest risks for the coming year. The enormous amount of credit sloshing around China's economy—new bank loans this year have more than doubled the amount from 2008—raises dangers of excess. "With that much money, you have predictions of inflation on one hand, but on the other hand you have serious overcapacity, which if you don't deal with it well, could easily cause deflation," he said.



Wang Shi

Mr. Wang thinks housing prices in many of China's biggest cities are already in bubble territory. But he also continues to see big opportunities for the year ahead and beyond. Property markets in second-tier locations—Vanke operates in more than 30 Chinese cities—are still full of potential. Longer-term, China's home ownership rate in cities is only about 70%, compared to significantly higher rates in some other Asian countries. "China is still urbanizing.... "We're still in a high-demand phase," he said.

Still, Mr. Wang, an avid mountain climber who became one of China's earliest successful private entrepreneurs when he founded Vanke 25 years ago, takes nothing for granted. The first 30 years of China's economic reforms, he said, are best described as "unexpected." "The next 30," Mr. Wang said, "are uncertain."

—Jason Dean

As Ads Slide, CBS Cuts FBI Show, Trims Choppers at Stations

Leslie Moonves expected 2009 to be a growth year. The economy's collapse turned it into "a scary proposition."

The **CBS** Corp. chief watched advertising dry up at his company's television and radio stations. At the CBS network, even with a new hit show in "The Mentalist," marketers slashed budgets. Dependent on ads for about two-thirds of its revenue, CBS swung to a $55 million loss in the first quarter. It barely turned a profit in the second.

"The year truly started off dreadfully," said Mr. Moonves. "When you have your best people coming back empty-handed, it is tough."

So the longtime TV programmer started cutting. At its local stations, CBS sold helicopters and scaled back traffic reports. Instead of three people reading the weather in some markets, two work longer shifts. CBS spent about $98 million in severance costs through Sept. 30.

At the flagship CBS network, some shows reduced the number of times regular characters appeared. Some actors and producers took pay cuts. Mr. Moonves replaced the long-running, and expensive, FBI show "Without a Trace" with an untested new series, "The Good Wife," that he said cost about 40% less to produce—and which turned out to deliver higher ratings. CBS also saved "a few million dollars" by deciding to shoot the 19th and 20th seasons of reality-competition show "Survivor" back to back this summer on the Samoan island of Upolu.

As he cut, Mr. Moonves gambled on a relatively quick recovery. Over the summer, when networks typically sell most of their ad time for the coming TV season, CBS decided to cut ad prices by only 3% to 4%, even though that meant it would end up selling fewer ads than usual.

Bill Swanson

Now, that bet—which most other networks made, too—appears to be paying off. Prices for ads sold close to when they air are selling at about 25% above those sold in advance, Mr. Moonves said.

For 2010, Mr. Moonves said he is "a lot more confident" about the media business, but adds that "I don't want to get carried away with myself." While the Super Bowl, which CBS is airing next year, is nearly sold out, advertisers generally are not plunking down money far in advance.

Meanwhile, the TV business faces upheaval with the growth of online video. "Content online will be a major issue for the year that comes," Mr. Moonves said.

— Sam Schechner

Raytheon Targets Opportunities in Defense Budget

Of all the years for a big corporation to have no debt, 2009 was probably it. "It was a year none of us could have ever anticipated," said **Bill Swanson**, **Raytheon** Co.'s chairman and chief executive. The lack of debt gave the Waltham, Mass., company the "financial firepower" needed to weather the storm and even make acquisitions, he said.

Along with the financial-market turmoil, pressure rose on Defense Department weapons and technology budgets as war costs mounted in Iraq and Afghanistan. But that's not a major concern to Mr. Swanson, who said defense companies have plenty to work with. The Pentagon budget for fiscal 2010 is almost $640 billion and are expected to rise further with the new Afghanistan troop increase.

"We look at targets of opportunity in those budgets," said the 60-year-old executive. "There's always something that's growing."

Raytheon has been particularly focused on cybersecurity, battlefield surveillance technology systems and training and is seeing renewed demand for traditional weapons, including a rapid-firing, multibarreled gun that can shoot down incoming mortar and artillery rounds.

A fresh emphasis on stricter contract terms by the U.S. government and greater scrutiny will put more pressure on management to bring potential problems to the government's attention first, he said, and may make contractors more judicious about what work they bid on.

Mr. Swanson also is looking to U.S. allies for growth. International sales in 2010, particularly its missile-defense systems like the Patriot missile, are going to be a priority.

"Asia and the Mideast are both good markets for us," he said.

—August Cole

Downturn Crimps Monsanto as It Launches Key Products

The recession punched a lot of industries far harder than agriculture, but it couldn't have come at a more delicate time for **Monsanto** Co., the St. Louis crop biotechnology giant.

Monsanto is launching its two biggest products since the dawn of the crop biotechnology era in the mid-1990s, when a head start in bioengineering and an aggressive licensing strategy allowed it to get its genes into the vast majority of the corn and soybeans grown in the U.S. The new products are a second-generation version of its herbicide-tolerant soybeans and a line of herbicide-tolerant and pest-resistant corn called SmartStax, which is stuffed with eight Monsanto genes.

Hugh Grant, Monsanto's chairman and CEO, needs U.S. farmers to snap up these new seeds for Monsanto to live up to his promise for 2012 gross profit to be double 2007's. It's a tall order considering Monsanto's long-time cash cow, Roundup weed killer, is under attack from Chinese generic versions. At the same time, competition in the highly lucrative seed corn business is getting tougher. Pioneer Hi-Bred, the **DuPont** Co. unit Monsanto clobbered for much of this decade, is beginning to claw back business.

Richard Adkerson

What the 51-year-old Scot said matters most to his plans is whether the emerging middle-class in nations such as China and India continues to spend more heavily on their diets as expected. Asia's soaring demand for protein—in the form of U.S. meat and U.S. soybeans to fatten its own livestock—is central to whether Midwest farmers have enough money in their wallet to afford sharply climbing prices for top-of-the-line seeds.

Regulators will also have a big influence on Monsanto in 2010. The global grain shortages that ignited food riots in early 2008 have helped prod several countries to speed up field testing and approvals of genetically modified seed, expanding markets for Monsanto. China, Mexico and India, among others, have recently given the green light to bioengineered crop projects.

While the Obama administration is pro-biotechnology, its promise to strengthen antitrust enforcement is casting a cloud over Monsanto's dominance of genetically modified seed. The Justice Department has asked Monsanto about DuPont's allegations that Monsanto uses gene-licensing arrangements to hinder competition.

"We need to stay focused on our goals and not be distracted" by antitrust allegations, Mr. Grant said.

—Scott Kilman

Bet on Copper Proves Lucrative for Freeport McMoran CEO

One of the smartest things **Richard Adkerson** did in 2009 was underestimate the price of copper. As a result, the chief executive of **Freeport McMoran Copper & Gold**, the world largest publicly traded copper company, was prepared for the worst and ended up being one of the few miners with a banner year.

Mr. Adkerson, 63, was wildly conservative about copper demand and prices to avoid being cash starved and forced into an asset sale. Determined not to let that happen, his top priority in 2009 became conserving cash by cutting dividends, scaling back expansions, reducing production by as much as half at one large mine, and laying off workers.

He assumed copper could fall to $1.50 a pound and made enough cuts to ensure that the Phoenix-based company could break even at that price. Instead, prices were more than double that, hovering over $3.00 a pound, in large part because of Chinese demand.

Not only did copper prices go in Freeport's way, so did gold. It hit its highest price ever in 2009. At its operation in Indonesia, where Freeport mines both copper and gold, gold was commanding such a high price that gold profits covered the operating costs of the entire mine.

In spite of the unexpectedly solid year, Mr. Adkerson remains conservative heading into 2010. He expects copper to stay at $3 a pound levels, but is managing the company to break even in a $2 a pound environment. "We run our businesses so we have protection against a low price environment."

Tight supply and increasing demand should help 2010, barring any major fall in Chinese consumption. The markets in U.S., Europe and Japan continue to be weak. "But the financial markets are opening," he said. "We are encouraged but there are still some substantial risks."

The strategy to prosper in 2010 is to continue to manage costs and not push a lot of copper into the market. Freeport has enough untapped copper reserves that he doesn't expect the company to launch into acquisition mode.

He's hoping for recovery in the U.S. and European industrial markets, including housing, commercial real estate and manufacturing. Two areas of particular interest: industrial production and copper inventories, which are historically low. Environmental issues are also a big concern. "We are going to continue to monitor how the global economy develops as we go in 2010," he said. "We have a very positive view about long term copper demand," he said.

—Robert Guy Matthews

Dollar up on yen, steady against euro

By Fabio Alves

NEW YORK—The dollar was higher against the yen on Monday, but little changed against the euro, as traders have little to focus on besides the large amount of debt the U.S. government is taking on.

Currency movements reflected the thin trade that is typical for the days between the Christmas and New Year's holidays, rather than any underlying fundamental factors, analysts said.

CURRENCY MARKETS

The dollar has rallied significantly in December and is sticking close to the two-month peak it reached last week against the yen. It is also holding on to most of its December gains against other rivals.

"I wouldn't read too much into [Monday's] moves," said Geoffrey Yu, currency strategist at UBS AG in London.

Markets were closed Monday in the U.K., Canada and several other countries, while many investors were still vacationing in places where markets were open. Low volume can exaggerate price movements.

"One or two trades today can push the markets in one direction or another," Mr. Yu said.

Near midday, the dollar was at 91.57 yen, from 91.32 yen late Friday. The euro was at $1.4396 from $1.4397 and at 131.81 yen from 130.48 yen. The pound was trading at $1.5998 from $1.5964, while the dollar was fetching 1.0334 Swiss francs from 1.0358 francs.

Japan yields rise on debt plans

By Megumi Fujikawa

TOKYO—Japanese government bond yields rose Monday as stocks rebounded and the government's debt-issuance plan for the next fiscal year failed to reassure investors.

BOND MARKETS

The benchmark 10-year yield firmed 0.025 percentage point to 1.295% in thin trading.

Japan's government said Friday it will issue 44.303 trillion yen ($485.14 billion) of debt in the fiscal year that starts in April, keeping its pledge to cap sales at around 44 trillion yen. But traders said that wasn't enough to push up bond prices as the risk of further supply increases remains.

Akito Fukunaga at Credit Suisse said the day's moves were exaggerated by a lack of liquidity, with not many players willing to take risks before the end of the year.

Treasurys fall; demand tepid in 2-year sale

By Min Zeng

NEW YORK—Treasury prices were lower but off the worst levels Monday as investors braced for $118 billion of government-note supply for the week.

In the first round on Monday, $44 billion of two-year notes came in at a yield of 1.089%, compared with the 1.077% on the when-issued paper just before the auction. The bid-to-cover ratio was 2.91, compared with 3.16 in November and 3.63 in October. The average is 3.07 from the past four auctions.

U.S. CREDIT MARKETS

The indirect bid—a proxy for demand from foreign buyers, including central banks—was 35%, compared with 44.5% in November and 44.5% in October. The average is 43.03% for the last four auctions.

Treasurys showed little reaction to the sale in post-auction trading.

On Tuesday, $42 billion in five-year notes will be auctioned and on Wednesday, $32 billion in seven-year notes will be sold.

"I believe that the levels are now cheap enough to bring in the buyers," William O'Donnell, head of U.S. government bond strategy at RBS Securities Inc. in Greenwich, Conn., said ahead of Monday's auction.

Bond yields broke through multi-month highs last week amid optimism over the economic outlook for 2010. That optimism spurred investors to buy riskier assets and dump low-risk, low-return government securities. The rise in yields was exacerbated by thinning holiday trade, traders said.

Financial markets in the U.K., Canada, Australia and New Zealand were shut for public holidays. U.S. bond markets will close early Thursday and financial markets are shut Friday for the New Year's holiday.

Monday morning, the two-year note's yield touched 1.031%, a level last seen in late October.

The yield on the 10-year note hit 3.864%, its highest since mid-August. The yield last broke 4% in early June.

Late morning, the benchmark 10-year note was down 7/32, or $2.19 per $1,000 invested, to 96 8/32 to yield 3.834% and the 30-year bond was 7/32 lower at 94 29/32 to yield 4.694%. Bond prices move inversely to their yields.

FUND SCORECARD

Latin America Equity

Funds that invest mainly in Latin American companies. At least 75% of total assets are invested in equities. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending December 28, 2009

Leading 10 Performers

FUND RATING*	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US** YTD	1-YR	2-YR	5-YR
NS	**iShares MSCI Latin America**	iShares Plc	USD	Ireland	**99.82**	105.31	1.02	NS
3	**Templeton Latin America A YDis $**	Franklin Templeton Investment Funds	USD	Luxembrg	**98.33**	104.13	-1.07	24.30
1	**Fortis L Equity Latin America C Acc**	Fortis Investments (BE)	USD	Luxembrg	**97.21**	102.21	-9.16	21.16
2	**Baring Latin America USD**	Baring Fund Managers Ltd	USD	Ireland	**96.20**	101.86	-8.80	22.64
2	**Manulife GF Latin America Eq AA**	Manulife Global Fund	USD	Luxembrg	**99.78**	101.52	-4.72	NS
4	**ING (L) Invest Latin America P Acc**	ING Investment Management Luxembourg	USD	Luxembrg	**97.31**	101.05	-4.66	24.89
3	**WestLB Me Co Fd Latin Amer A**	WestLB Mellon Asset Mgmt (Lux) S.A.	USD	Luxembrg	**95.13**	100.78	-3.26	25.02
4	**Gartmore SICAV Latin America A**	Gartmore SICAV	EUR	Luxembrg	**94.70**	100.07	-1.15	25.77
NS	**Handelsinvest Latinamerika**	Handelsinvest	DKK	Denmark	**96.94**	99.43	NS	NS
3	**Eurizon EasyFund Equity Latin America I**	Eurizon Capital S.A.	EUR	Luxembrg	**94.84**	99.21	-3.38	22.04

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW Top-Div.Int.	GL	EQ	LUX	12/28	EUR	54.57	21.1	25.2	-28.5

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Am Eq Blend A	OT	OT	LUX	12/24	USD	10.44	27.2	32.3	-15.8
Am Eq Blend B	US	EQ	LUX	12/24	USD	9.81	25.9	31.0	-16.6
Am Growth A	US	EQ	LUX	12/24	USD	31.30	36.7	40.9	-7.2
Am Growth AX	US	EQ	LUX	12/24	USD	33.78	37.4	41.7	-6.6
Am Growth B	US	EQ	LUX	12/24	USD	26.32	35.3	39.5	-8.1
Am Growth C	US	EQ	LUX	12/24	USD	28.32	36.1	40.3	-7.5
Am Growth I	US	EQ	LUX	12/24	USD	34.68	37.7	42.0	-6.4
Am Income A	US	BD	LUX	12/24	USD	8.42	24.3	25.9	5.5
Am Income A2	US	BD	LUX	12/24	USD	19.01	24.9	25.8	5.5
Am Income A2	OT	OT	NA	12/24	HKD	147.43	NS	NS	NS
Am Income AT	OT	OT	NA	12/24	HKD	65.46	NS	NS	NS
Am Income AT	US	BD	LUX	12/24	USD	8.44	24.9	25.8	5.5
Am Income B	US	BD	LUX	12/24	USD	8.42	23.4	24.8	4.7
Am Income B2	US	BD	LUX	12/24	USD	16.38	24.0	24.9	4.7
Am Income B2	OT	OT	NA	12/24	HKD	127.04	NS	NS	NS
Am Income BT	OT	OT	NA	12/24	HKD	65.77	NS	NS	NS
Am Income BT	US	BD	LUX	12/24	USD	8.48	24.1	24.9	4.7
Am Income C	US	BD	LUX	12/24	USD	8.42	23.7	25.2	5.0
Am Income C2	US	BD	LUX	12/24	USD	24.36	24.3	25.2	5.0
Am Income I	US	BD	LUX	12/24	USD	8.42	25.0	26.6	6.1
Am Value A	US	EQ	LUX	12/24	USD	8.62	19.6	25.7	-14.7
Am Value B	US	EQ	LUX	12/24	USD	7.94	18.3	24.6	-15.5
Am Value C	US	EQ	LUX	12/24	USD	8.62	18.9	25.1	-15.1
Am Value I	US	EQ	LUX	12/24	USD	9.28	20.5	26.8	-14.0
Emg Mkts Debt A	GL	BD	LUX	12/24	USD	15.56	43.5	44.6	7.6
Emg Mkts Debt A2	GL	BD	LUX	12/24	USD	20.09	44.3	44.6	7.7
Emg Mkts Debt AT	GL	BD	LUX	12/24	USD	15.67	44.4	44.7	7.7
Emg Mkts Debt B	GL	BD	LUX	12/24	USD	15.56	42.2	43.3	6.6
Emg Mkts Debt B2	GL	BD	LUX	12/24	USD	19.35	42.9	43.2	6.6
Emg Mkts Debt BT	GL	BD	LUX	12/24	USD	15.64	42.8	43.2	6.6
Emg Mkts Debt C	GL	BD	LUX	12/24	USD	15.56	42.9	44.0	7.1
Emg Mkts Debt C2	GL	BD	LUX	12/24	USD	19.74	43.7	44.0	7.2
Emg Mkts Debt I	GL	BD	LUX	12/24	USD	15.56	44.1	45.4	8.2
Emg Mkts Growth A	GL	EQ	LUX	12/24	USD	34.18	70.6	75.7	-14.5
Emg Mkts Growth B	GL	EQ	LUX	12/24	USD	28.97	68.9	74.0	-15.4
Emg Mkts Growth C	GL	EQ	LUX	12/24	USD	29.63	69.8	74.9	-14.9
Emg Mkts Growth I	GL	EQ	LUX	12/24	USD	37.89	71.9	77.1	-13.8
Eur Growth A	OT	OT	LUX	12/24	USD	10.01	25.0	30.3	-18.5
Eur Growth A	OT	OT	LUX	12/24	EUR	6.96	25.0	30.3	-18.5
Eur Growth B	OT	OT	LUX	12/24	EUR	6.26	23.7	29.1	-19.3
Eur Growth B	OT	OT	LUX	12/24	USD	9.00	23.7	29.1	-19.3
Eur Growth C	EU	EQ	LUX	12/24	EUR	5.27	24.3	29.8	-18.9
Eur Growth I	OT	OT	LUX	12/24	USD	10.91	25.9	31.5	-17.9
Eur Growth I	OT	OT	LUX	12/24	EUR	7.59	25.9	31.5	-17.9
Eur Income A	OT	OT	LUX	12/24	EUR	6.61	39.1	40.0	3.9
Eur Income A	OT	OT	LUX	12/24	USD	9.50	39.1	40.0	3.9
Eur Income A2	OT	OT	LUX	12/24	EUR	12.89	40.0	40.1	4.0
Eur Income A2	OT	OT	LUX	12/24	USD	18.53	40.0	40.1	4.0
Eur Income AT	EU	BD	LUX	12/24	EUR	6.63	39.8	40.1	4.0
Eur Income B	OT	OT	LUX	12/24	EUR	6.61	38.3	39.1	3.2
Eur Income B	OT	OT	LUX	12/24	USD	9.50	38.3	39.1	3.2
Eur Income B2	OT	OT	LUX	12/24	EUR	11.98	38.8	39.0	3.2
Eur Income B2	OT	OT	LUX	12/24	USD	17.22	38.8	39.0	3.2
Eur Income BT	EU	BD	LUX	12/24	EUR	6.63	39.0	39.0	3.3
Eur Income C	OT	OT	LUX	12/24	EUR	6.61	38.6	39.4	3.4
Eur Income C	OT	OT	LUX	12/24	USD	9.50	38.6	39.4	3.4
Eur Income C2	OT	OT	LUX	12/24	EUR	12.84	39.3	39.4	3.5
Eur Income C2	OT	OT	LUX	12/24	USD	18.46	39.3	39.4	3.5
Eur Income I	OT	OT	LUX	12/24	EUR	6.61	39.7	40.7	4.5
Eur Income I	OT	OT	LUX	12/24	USD	9.50	39.7	40.7	4.5
Eur Strat Value A	OT	OT	LUX	12/24	EUR	8.45	21.4	27.6	-22.3
Eur Strat Value A	OT	OT	LUX	12/24	USD	12.15	21.4	27.6	-22.3
Eur Strat Value I	OT	OT	LUX	12/24	EUR	8.65	22.3	28.7	-21.6
Eur Strat Value I	OT	OT	LUX	12/24	USD	12.43	22.3	28.7	-21.6
Eur Value A	OT	OT	LUX	12/24	EUR	9.13	25.4	31.9	-19.1
Eur Value A	OT	OT	LUX	12/24	USD	13.12	25.4	31.9	-19.1
Eur Value B	OT	OT	LUX	12/24	USD	12.08	24.1	30.6	-20.0
Eur Value B	OT	OT	LUX	12/24	EUR	8.40	24.1	30.6	-20.0
Eur Value C	OT	OT	LUX	12/24	USD	12.69	24.7	31.4	-19.5
Eur Value C	OT	OT	LUX	12/24	EUR	8.83	24.7	31.4	-19.5
Eur Value I	OT	OT	LUX	12/24	USD	15.15	26.2	32.9	-18.5
Eur Value I	OT	OT	LUX	12/24	EUR	10.54	26.2	32.9	-18.5
Gl Balanced (Euro) A	OT	OT	LUX	12/24	USD	16.50	21.1	24.4	-11.6
Gl Balanced (Euro) B	OT	OT	LUX	12/24	USD	16.09	19.9	23.2	-12.5
Gl Balanced (Euro) C	OT	OT	LUX	12/24	USD	16.39	20.9	24.2	-11.8
Gl Balanced (Euro) I	OT	OT	LUX	12/24	USD	16.80	NS	NS	NS
Gl Balanced A	US	BA	LUX	12/24	USD	16.52	24.3	27.6	-10.8
Gl Balanced B	US	BA	LUX	12/24	USD	15.71	23.1	26.3	-11.7
Gl Balanced C	OT	OT	LUX	12/24	USD	16.27	23.9	27.2	-11.1
Gl Balanced C	OT	OT	LUX	12/24	EUR	11.32	23.9	27.2	-11.1
Gl Balanced I	US	BA	LUX	12/24	USD	17.13	25.1	28.5	-10.2
Gl Bond A	US	BD	LUX	12/24	USD	9.26	12.5	13.2	4.8
Gl Bond A2	US	BD	LUX	12/24	USD	16.04	12.9	13.1	4.8
Gl Bond A2	OT	OT	NA	12/24	HKD	124.40	12.9	13.1	4.8
Gl Bond AT	OT	OT	LUX	12/24	HKD	71.89	12.9	13.1	4.8
Gl Bond AT	US	BD	LUX	12/24	USD	9.27	12.9	13.1	4.8
Gl Bond B	US	BD	LUX	12/24	USD	9.26	11.5	12.1	3.7
Gl Bond B2	US	BD	LUX	12/24	USD	14.05	11.8	12.0	3.8
Gl Bond B2	OT	OT	NA	12/24	HKD	108.96	11.8	12.0	3.8
Gl Bond BT	OT	OT	LUX	12/24	HKD	72.13	11.7	11.9	3.7
Gl Bond BT	US	BD	LUX	12/24	USD	9.30	11.7	11.9	3.7
Gl Bond C	US	BD	LUX	12/24	USD	9.26	12.0	12.7	4.3
Gl Bond C2	US	BD	LUX	12/24	USD	13.92	12.3	12.6	4.3
Gl Bond I	US	BD	LUX	12/24	USD	9.26	13.1	13.8	5.4
Gl Conservative A	US	BA	LUX	12/24	USD	14.90	15.6	17.3	-4.3
Gl Conservative A2	US	BA	LUX	12/24	USD	16.96	16.3	18.0	-4.0
Gl Conservative B	US	BA	LUX	12/24	USD	14.89	14.8	16.5	-5.2
Gl Conservative B2	US	BA	LUX	12/24	USD	16.11	15.2	16.8	-5.0
Gl Conservative C	US	BA	LUX	12/24	USD	14.89	15.3	16.9	-4.7
Gl Conservative C2	US	BA	LUX	12/24	USD	16.59	15.9	17.5	-4.4
Gl Conservative I	US	BA	LUX	12/24	USD	14.96	16.4	18.1	-3.6
Gl Eq Blend A	GL	EQ	LUX	12/24	USD	11.69	30.8	36.4	-21.4
Gl Eq Blend B	GL	EQ	LUX	12/24	USD	10.97	29.5	35.1	-22.2
Gl Eq Blend C	GL	EQ	LUX	12/24	USD	11.48	30.2	35.7	-21.8
Gl Eq Blend I	GL	EQ	LUX	12/24	USD	12.33	31.9	37.5	-20.8
Gl Growth A	GL	EQ	LUX	12/24	USD	42.00	30.2	35.1	-22.5
Gl Growth B	GL	EQ	LUX	12/24	USD	35.06	28.9	33.8	-23.2
Gl Growth C	GL	EQ	LUX	12/24	USD	40.30	29.6	34.5	-22.8
Gl Growth I	GL	EQ	LUX	12/24	USD	46.63	31.3	36.2	-21.8
Gl High Yield A	US	BD	LUX	12/24	USD	4.31	58.8	62.0	4.1
Gl High Yield A2	US	BD	LUX	12/24	USD	9.21	59.9	61.6	4.0
Gl High Yield A2	OT	OT	NA	12/24	HKD	71.43	59.9	61.6	4.0
Gl High Yield AT	OT	OT	NA	12/24	HKD	33.27	60.2	61.8	4.1
Gl High Yield AT	US	BD	LUX	12/24	USD	4.29	60.2	61.8	4.1
Gl High Yield B	US	BD	LUX	12/24	USD	4.31	56.9	59.9	2.9
Gl High Yield B2	US	BD	LUX	12/24	USD	14.81	58.4	60.1	3.0
Gl High Yield B2	OT	OT	NA	12/24	HKD	114.86	58.4	60.1	3.0
Gl High Yield BT	OT	OT	NA	12/24	HKD	33.81	58.1	60.0	3.0
Gl High Yield BT	US	BD	LUX	12/24	USD	4.36	58.1	60.0	3.0
Gl High Yield C	US	BD	LUX	12/24	USD	4.31	58.0	61.1	3.6
Gl High Yield C2	US	BD	LUX	12/24	USD	13.65	59.3	61.0	3.6
Gl High Yield I	US	BD	LUX	12/24	USD	4.31	59.8	63.2	4.8
Gl Thematic Res. A	OT	OT	LUX	12/24	USD	14.79	69.0	76.7	-4.0
Gl Thematic Res. B	OT	OT	LUX	12/24	USD	12.94	67.4	74.9	-4.9
Gl Thematic Res. I	OT	OT	LUX	12/24	USD	16.49	70.4	78.1	-3.2
Gl Value A	GL	EQ	LUX	12/24	USD	11.17	31.6	37.9	-20.3
Gl Value B	GL	EQ	LUX	12/24	USD	10.26	30.2	36.4	-21.1
Gl Value C	GL	EQ	LUX	12/24	USD	10.86	31.0	37.3	-20.7
Gl Value I	GL	EQ	LUX	12/24	USD	11.88	32.6	38.9	-19.7
Greater China A	AS	EQ	LUX	12/24	USD	39.64	54.5	59.3	-17.9
Greater China B	AS	EQ	LUX	12/24	USD	35.08	53.0	57.7	-18.7
Greater China C	AS	EQ	LUX	12/24	USD	39.14	53.9	58.6	-18.3
India Growth A	OT	OT	LUX	12/24	USD	126.23	NS	NS	NS
India Growth AX	OT	OT	LUX	12/24	USD	110.34	91.0	79.0	-9.2
India Growth B	OT	OT	LUX	12/24	USD	132.26	NS	NS	NS
India Growth BX	OT	OT	LUX	12/24	USD	94.33	89.2	77.2	-10.1
India Growth I	EA	EQ	LUX	12/24	USD	114.34	91.8	79.8	-8.9
Int'l Health Care A	OT	EQ	LUX	12/24	USD	138.08	17.6	20.6	-8.9
Int'l Health Care B	OT	EQ	LUX	12/24	USD	116.48	16.4	19.4	-9.8
Int'l Health Care C	OT	EQ	LUX	12/24	USD	132.34	17.1	20.1	-9.3
Int'l Health Care I	OT	EQ	LUX	12/24	USD	150.85	18.5	21.6	-8.2
Int'l Technology A	OT	EQ	LUX	12/24	USD	110.92	51.6	56.2	-12.4
Int'l Technology B	OT	EQ	LUX	12/24	USD	96.13	50.2	54.6	-13.3
Int'l Technology C	OT	EQ	LUX	12/24	USD	107.20	51.0	55.5	-12.8
Int'l Technology I	OT	EQ	LUX	12/24	USD	124.36	52.8	57.4	-11.7
Japan Eq Blend A	JP	EQ	LUX	12/24	JPY	6062.00	13.0	20.3	-23.2
Japan Eq Blend B	JP	EQ	LUX	12/24	JPY	5851.00	11.9	19.2	-24.0
Japan Eq Blend C	JP	EQ	LUX	12/24	JPY	5966.00	12.5	19.8	-23.6
Japan Growth A	JP	EQ	LUX	12/24	JPY	5906.00	6.2	11.9	-23.9
Japan Growth B	JP	EQ	LUX	12/24	JPY	5700.00	5.1	10.8	-24.7
Japan Growth C	JP	EQ	LUX	12/24	JPY	5813.00	5.7	11.4	-24.3
Japan Strat Value A	JP	EQ	LUX	12/24	JPY	6162.00	19.5	28.7	-23.0
Japan Strat Value B	JP	EQ	LUX	12/24	JPY	5952.00	18.3	27.4	-23.7
Japan Strat Value C	JP	EQ	LUX	12/24	JPY	6059.00	18.9	28.1	-23.3
Real Estate Sec. A	OT	EQ	LUX	12/24	USD	14.38	34.8	39.3	-15.8
Real Estate Sec. B	OT	EQ	LUX	12/24	USD	13.14	33.4	37.9	-16.7
Real Estate Sec. I	OT	EQ	LUX	12/24	USD	15.45	35.8	40.5	-15.1
Short Mat Dollar A	US	BD	LUX	12/24	USD	7.26	11.2	12.0	-5.9
Short Mat Dollar A2	US	BD	LUX	12/24	USD	9.77	11.5	11.9	-5.9
Short Mat Dollar AT	US	BD	LUX	12/24	USD	7.26	11.6	12.0	-6.0
Short Mat Dollar B	US	BD	LUX	12/24	USD	7.26	10.8	11.5	-6.3
Short Mat Dollar B2	US	BD	LUX	12/24	USD	9.73	11.1	11.5	-6.3
Short Mat Dollar BT	OT	OT	LUX	12/24	USD	7.28	10.4	10.8	-6.6
Short Mat Dollar C	US	BD	LUX	12/24	USD	7.26	10.8	11.5	-6.3
Short Mat Dollar C2	US	BD	LUX	12/24	USD	13.75	11.1	11.4	-6.3
Short Mat Dollar I	US	BD	LUX	12/24	USD	7.26	11.8	12.6	-5.3

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	11/30	USD	1616.75	66.9	72.1	NS

■ CREDIT PACIFIC ASSET MANAGMENT
www.creditpacific.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
CPS-Master Priv Fund	GL	OT	WSM	12/21	USD	121.52	21.5	21.5	20.8

PLATINUM CAPITAL MANAGEMENT

■ PLATINUM CAPITAL MANAGEMENT
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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Platinm-All Star	OT	OT	CYM	10/30	USD	95.07	13.2	5.7	-13.4
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	10/30	USD	108.45	5.5	2.5	-34.0
Platinm-Emancipation	OT	OT	USA	10/30	USD	93.58	25.0	9.3	-11.3
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	10/30	USD	60.64	29.4	15.3	-31.8
Platinm-Nordic	OT	OT	CYM	10/30	SEK	607.79	11.4	9.7	-18.3
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	10/30	USD	56.60	NS	NS	-38.7

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Superfund Cayman*	OT	OT	CYM	12/22	USD	40.63	-51.2	-50.9	-5.6
Superfund GCT USD*	GL	EQ	LUX	12/22	USD	2151.00	-41.1	-40.9	-3.8
Superfund Green Gold A (SPC)	OT	OT	CYM	12/22	USD	941.52	-19.0	-15.3	7.4
Superfund Green Gold B (SPC)	OT	OT	CYM	12/22	USD	897.74	-33.4	-30.3	3.1
Superfund Q-AG*	OT	OT	AUT	12/22	EUR	6491.00	-25.9	-25.8	1.7

■ WINTON CAPITAL MANAGEMENT LTD
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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Winton Evolution EUR Cls H	OT	OT	CYM	11/30	EUR	972.73	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	11/30	GBP	976.73	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	11/30	USD	1232.74	-2.8	-1.2	3.7
Winton Futures EUR Cls C	OT	OT	VGB	11/30	EUR	202.11	-1.8	-0.1	9.2
Winton Futures GBP Cls D	OT	OT	VGB	11/30	GBP	218.35	-1.6	0.4	10.2
Winton Futures JPY Cls E	OT	OT	VGB	11/30	JPY	14398.02	-2.4	-0.4	6.9
Winton Futures USD Cls B	OT	OT	VGB	11/30	USD	716.94	-2.2	-0.2	8.9

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Commodities prices boost U.S. stocks

By Kristina Peterson

U.S. stocks edged higher Monday, as rising commodities prices lifted metals and energy companies.

The Dow Jones Industrial Average was up 13 points, or 0.1%, at 10533.10 near midday. A handful of technology companies climbed, boosted by initial reports of a slightly stronger-than-expected holiday shopping season. **IBM** was among the measure's strongest performers, up 1.3%. **General Electric**, down 0.8%, weighed on the Dow.

ABREAST OF THE MARKET

The technology-heavy Nasdaq Composite was up 5.19 points, or 0.2%, to 2290.88. The Standard & Poor's 500-share index was up fractionally at 11126.93. Materials companies were among the measure's top performers, as commodity prices rose. The price of copper hovered near its highest levels since August 2008.

The climb helped lift metals companies, including **Titanium Metals**, up 1.3% and **Freeport-McMoRan Copper**, which firmed 0.5%.

A handful of technology stocks also rose after preliminary reports indicated retailers saw increased profits over the holiday shopping season, compared with last year. **Amazon.com** was up 1.8% after the online retail giant said over the weekend that sales on its peak holiday-shopping day topped 9.5 million items. Meanwhile, **Apple** climbed 1.4% to a new 52-week high.

A late boost from procrastinating consumers and an extra day of shopping between Thanksgiving and Christmas helped to lift total retail sales, excluding automobiles and gas, by 3.6% over the year-earlier period through Christmas Eve, according to MasterCard's SpendingPulse unit.

Airlines dropped Monday following a Nigerian man's thwarted attempt to blow up a flight from Amsterdam to Detroit on Christmas Day. **AMR**, which owns American Airlines, was down 4.7% and **Delta Air Lines** was down 4.5%.

European markets

Stock markets hit fresh 14-month highs, and the German DAX broke through 6000 for the first time since September 2008.

The pan-European Dow Jones Stoxx 600 index rose 0.5% to 253.17 as utilities and financial companies ranked among the strongest sectors.

In Paris, the CAC-40 rose 0.9% to 3947.15. The German DAX index climbed 0.8% to 6002.92, while London was closed as part of the Christmas holidays.

Oil stocks were higher, with Total up 0.8% as crude-oil futures rose past $79 a barrel.

By early afternoon, however, the February contract had given up some of those gains and traded at $78.75, up 70 cents.

Tokyo reaches 4-month high; Shanghai rises

By Myra P. Saefong and Colin Ng

Japanese stocks finished at their highest in four months Monday in an overall modest Asian advance.

The Nikkei Stock Average of 225 companies climbed 1.3% to 10634.23, posting its strongest close since late August.

Technology stocks and exporters were the drivers amid weakness in the yen and stronger-than-expected November industrial output. **Sharp** rose 2.2% and **Sony** 1.1%.

ASIAN-PACIFIC STOCKS

China's Shanghai Composite rose 1.5% to 3188.79, supported by comments from Premier Wen Jiabao over the weekend that indicated that his government won't rush to unwind its stimulus policies.

Brokerages were the leaders among Chinese stocks. **Citic Securities** rose 3.6% and **Haitong Securities** added 2.2%.

Markets in Australia and New Zealand were closed for Boxing Day and in India for Moharram.

In Seoul, a Korean-led consortium won a landmark contract, valued at $20.4 billion, to build four nuclear reactors in the United Arab Emirates. That helped drive the stocks of **Korea Power Engineering** and**Doosan Heavy** up 15%, while **Korea Electric Power** added 5%, **Hyundai Engineering** rose 4.6% and **Samsung C&T** gained 3%.

In Hong Kong, **Sino-Ocean Land Holdings** rose 3.8%.

Hedge-fund start-ups are smaller, tweak fees

By Cassell Bryan-Low

Investors' appetite for hedge-fund start-ups is slowly returning. But managers are raising relatively small amounts and some are granting concessions on key terms.

The pace of fund launches has picked up after plunging dramatically in late 2008, underscoring a broader trend of money generally flowing back into the sector. In the third quarter, 173 funds launched, compared with 119 in the previous quarter and just 42 in the last three months of 2008, according to Chicago data-tracker Hedge Fund Research Inc.

HEDGE FUNDS

Bankers who provide services to hedge funds say there are a number of launches in the pipeline.

Still, the pace of openings is way down from a few years ago. And "the size of the opening capital base is quite a bit smaller than it has been historically," said John Willian, global co-head of prime brokerage at Goldman Sachs Group Inc.

Among this year's largest launches is London-based Tony Chedraoui's **Tyrus Capital** LLP. His fund launched in mid-October with more than $800 million in assets, which have since grown to about $1.65 billion, according to a person familiar with the matter.

In one of Asia's largest launches, Hong Kong-based Nick Taylor's **Senrigan Capital Management** Ltd. launched its fund in early November with about $220 million, including about $150 million from Blackstone Group LP, according to people familiar with the situation.

The traditional model of charging a management fee based on 2% of assets and a performance fee of 20% of gains remains "a benchmark" for pedigree managers with established track records, says Edgar Senior, global head of capital services at Credit Suisse Group AG.

But some managers are offering fee breaks in an effort to attract capital.

Some managers are experimenting with different fee structures. Patrick Degorce, who had cofounded hedge fund The Children's Investment Fund Management LLP, recently founded **Theleme Partners** LLP in London and plans to open it to external investors in January.

He is considering offering lower fees to investors depending on how long they lock up their money, according to people familiar with the matter. Those committing money for three years may pay a 17% performance fee and those who commit for five years will pay 15%, one of those people said. Those fees also may be based on performance over the duration of the investment, rather than annually as is typical.

In addition, Mr. Degorce is considering lowering the rate at which the management fee is charged as the fund grows, the person said. He expects to charge a 1.5% performance fee to start with but drop that to as low as 0.5% as assets grow.

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Allianz Global Investors

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Concentra AE	EU	EQ	DEU	12/28	EUR	52.48	35.0	39.8	-11.8
Industria AE	EU	EQ	DEU	12/28	EUR	71.48	36.6	37.8	-17.2
InternRent AE	EU	BD	DEU	12/28	EUR	35.26	3.8	3.1	10.1

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CAM-GTF Limited	AS	EQ	MUS	12/18	USD	265704.36	97.0	101.9	0.9

GAM

■ GAM FUND MANAGEMENT LIMITED

George's Court, 54-62 Townsend Street, Dublin 2, Ireland

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GAM Arbitrage Op	OT	OT	VGB	12/18	USD	1251.05	23.4	20.3	-8.5
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	12/21	JPY	14426.01	53.9	55.4	-1.5
GAM Asia Equity Hedge US	OT	OT	VGB	12/21	USD	272.38	56.1	63.0	0.5
GAM Asia Equity USD	OT	OT	VGB	12/23	USD	636.64	58.6	66.4	-13.0
GAM Asia-Pacific Eq USD	OT	OT	VGB	12/22	USD	1266.55	17.9	23.0	-17.4
GAM Com Glb Bal EUR Op	US	BA	VGB	12/14	EUR	93.10	14.7	17.0	-9.9
GAM Com Glb Bal USD Op	US	BA	VGB	12/14	USD	127.31	14.7	17.0	-9.9
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	12/14	EUR	95.07	21.3	24.9	-17.2
GAM Comp Glb Eq USD Op	GL	EQ	VGB	12/14	USD	126.70	21.3	24.9	-17.2
GAM Comp Glb Gr EUR Op	US	BA	VGB	12/14	EUR	83.88	15.0	17.9	-14.3
GAM Comp Glb Gr USD Op	US	BA	VGB	12/14	USD	126.34	15.0	17.9	-14.3
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	12/18	USD	244.86	34.4	41.2	-12.4
GAM Cross Trading Inc	OT	OT	VGB	12/14	USD	464.04	6.1	NS	NS
GAM Diversity CHF Op	OT	OT	VGB	12/14	CHF	94.54	4.5	3.8	-6.9
GAM Diversity EUR Op	OT	OT	VGB	12/14	EUR	649.99	5.3	4.9	-5.3
GAM Diversity USD 2.5XL	OT	OT	VGB	12/14	USD	78.80	9.2	8.2	NS
GAM Diversity USD Op	OT	OT	VGB	12/14	USD	682.53	5.3	NS	NS
GAM Dvrsty II CHF Op	OT	OT	VGB	12/14	CHF	99.84	4.4	NS	NS
GAM Dvrsty II EUR Op	OT	OT	VGB	12/14	EUR	139.19	4.9	4.1	-5.4
GAM Dvrsty II USD Op	OT	OT	VGB	12/14	USD	210.84	4.9	NS	-5.6
GAM DvrstyIII EUR Op	OT	OT	VGB	12/14	EUR	115.92	4.9	4.1	-5.5
GAM DvrstyIII USD Op	OT	OT	VGB	12/14	USD	122.37	4.9	4.1	-5.6
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	12/21	EUR	216.48	9.8	12.0	-4.9
GAM Euro Eq Hdg USD Op	OT	OT	VGB	12/21	USD	201.25	10.5	12.3	-3.3
GAM European Equity USD	OT	OT	VGB	12/23	USD	293.97	25.0	29.1	-13.8
GAM GAMCO	OT	EQ	VGB	12/22	USD	810.11	39.6	40.1	-10.6
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	12/21	EUR	97.09	12.5	11.4	-16.7
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	12/21	USD	102.38	13.1	11.8	-16.0
GAM Gbl Divers USD Inc.	GL	EQ	VGB	12/21	USD	249.62	22.2	26.5	-7.5
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	12/21	USD	266.36	86.5	93.0	18.3
GAM Intrst Trend II	GL	BD	VGB	12/21	USD	93.17	41.0	35.0	-9.1
GAM Intrst Trend Inc	OT	OT	VGB	12/21	USD	249.49	56.6	51.6	-7.3
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	12/21	EUR	115.80	8.4	10.2	-7.9
GAM Japan Eq Hdg USD Op	OT	OT	VGB	12/21	USD	120.39	7.1	NS	-19.9
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	12/21	JPY	8288.45	7.4	10.7	-19.1
GAM Japan USD	JP	EQ	VGB	12/21	USD	1089.12	5.2	7.8	-15.8
GAM Japan YEN	JP	EQ	VGB	12/21	JPY	8637.81	7.8	11.8	-23.6
GAM Money Mkt EuroOp	EU	MM	VGB	12/23	EUR	51.20	0.1	0.2	1.7
GAM Money Mkt USD	US	MM	VGB	12/23	USD	99.93	-0.1	-0.1	0.8
GAM Multi-Arb EUR Op	OT	OT	VGB	12/14	EUR	113.29	1.1	-0.9	-8.6
GAM Multi-Arb USD Op	OT	OT	VGB	12/14	USD	118.28	1.3	-0.8	-8.8
GAM Multi-China EUR Op	OT	OT	VGB	12/14	EUR	167.99	13.1	13.0	-8.8
GAM Multi-China USD Op	OT	OT	VGB	12/14	USD	176.61	13.7	13.6	-9.4
GAM Multi-Emer Mkts GBP	OT	OT	VGB	12/14	GBP	130.34	24.6	23.9	-3.0
GAM Multi-Emer Mkts USD	OT	OT	VGB	12/14	USD	645.36	24.6	23.9	-3.4
GAM Multi-Eur EUR Op	OT	OT	VGB	12/14	EUR	267.99	6.8	6.0	-10.3
GAM Multi-Eur II EUR Op	OT	OT	VGB	12/14	EUR	137.89	6.7	8.6	-10.3
GAM Multi-Eur II USD Op	OT	OT	VGB	12/14	USD	112.76	6.3	8.2	-11.3
GAM Multi-Eur USD Op	OT	OT	VGB	12/14	USD	466.44	6.4	5.6	-11.2
GAM Multi-Nth Am EUR Special	OT	OT	VGB	12/14	EUR	132.77	11.4	12.3	NS
GAM Multi-Nth Am USD Special	OT	OT	VGB	12/14	USD	216.31	11.8	13.0	NS
GAM Multi-Pac EUR Op	GL	EQ	VGB	12/14	EUR	142.45	4.5	4.1	-4.8
GAM Multi-Pac USD Op	OT	OT	VGB	12/14	USD	164.43	4.6	4.4	-5.2
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	12/18	USD	2595.04	66.8	67.3	10.6
GAM Sing/Malaysia	AS	EQ	VGB	12/23	USD	2492.39	50.0	51.9	-10.2
GAM Sterling Spe Bd Inc	OT	OT	VGB	12/21	GBP	243.56	41.0	41.8	2.4
GAM Trading EUR Inc	OT	OT	VGB	12/14	EUR	323.84	5.9	5.4	6.8
GAM Trading USD Inc	OT	OT	VGB	12/14	USD	969.19	6.1	5.7	6.3
GAM Trdg II IncEUR Op	OT	OT	VGB	12/14	EUR	138.52	5.8	5.3	6.8
GAM Trdg II IncUSD Op	OT	OT	VGB	12/14	USD	314.69	6.1	5.7	6.3
GAM Trdg IV IncEUR Op	OT	OT	VGB	12/14	EUR	146.18	5.6	5.0	6.5
GAM Trdg IV IncUSD Op	OT	OT	VGB	12/14	USD	153.91	5.9	5.4	6.2
GAM Trdg V IncEUR Op	OT	OT	VGB	12/14	EUR	123.94	5.6	4.9	6.3
GAM Trdg V IncUSD Op	OT	OT	VGB	12/14	USD	129.08	5.8	5.4	6.1
GAM TrdgIII IncEUR Op	OT	OT	VGB	12/14	EUR	156.35	5.7	5.2	6.5
GAM TrdgIII IncUSD Op	OT	OT	VGB	12/14	USD	161.86	5.9	5.5	6.2
GAM USDSpecBondInc	US	BD	VGB	12/21	USD	523.82	72.3	75.8	6.1
GAM Worldwide	GL	EQ	VGB	12/23	USD	2234.56	24.7	29.0	-9.9
GAMut Investments	OT	OT	VGB	12/16	USD	7573.04	4.3	5.1	7.7

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	12/23	CHF	10.76	52.0	55.7	-17.5
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	12/23	EUR	11.56	54.6	61.3	-12.1
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	12/23	GBP	1.54	45.6	53.2	-2.1
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	12/23	USD	13.02	58.8	66.2	-11.9
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	12/21	EUR	98.71	16.8	19.0	-14.7
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	12/21	EUR	95.52	16.8	19.0	-14.7
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	12/23	EUR	10.95	24.5	27.5	-11.4
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	12/23	EUR	180.84	23.5	27.2	-14.2
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	12/23	EUR	165.24	23.4	27.1	-14.2
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	12/23	USD	15.80	26.6	30.8	-13.9
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	12/23	USD	14.33	26.5	30.7	-14.0
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	12/23	USD	5.54	17.8	17.0	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	12/21	EUR	87.08	7.0	8.9	-13.5
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	12/21	EUR	87.08	7.0	8.9	-13.5
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	12/21	JPY	901.79	7.6	11.5	-23.5
GAMStar-JpnEq USD Acc	JP	EQ	IRL	12/21	USD	10.99	4.4	7.0	-16.0
GAMStar-World EqUSD Acc	GL	EQ	IRL	12/23	USD	2212.54	25.7	30.0	-9.5

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American Growth	US	EQ	LUX	12/28	USD	15.29	26.0	28.9	-12.7
American Growth AA	US	EQ	LUX	12/28	USD	0.88	25.6	28.6	-6.7
Asian Equity	AS	EQ	LUX	12/28	USD	2.42	59.5	63.9	-9.6
Asian Equity AA	AS	EQ	LUX	12/28	USD	0.78	58.9	63.3	-9.9
Asian Sm Cap Equity AA	AS	EQ	LUX	12/28	USD	1.14	87.4	94.1	-6.1
China Value A	AS	EQ	LUX	12/28	USD	7.01	59.9	65.9	-8.1
China Value AA	AS	EQ	LUX	12/28	USD	2.20	59.5	65.5	-8.3
Dragon Growth	AS	EQ	LUX	12/28	USD	1.62	63.1	66.5	-10.7
Dragon Growth AA	OT	OT	LUX	12/28	HKD	7.87	63.0	66.2	-11.8
Emg Eastrn Europe A	EU	EQ	LUX	12/28	USD	4.55	90.3	87.2	-19.5
Emg Eastrn Europe AA	EU	EQ	LUX	12/28	USD	1.96	90.0	86.9	-19.6
European Growth	EU	EQ	LUX	12/28	USD	9.11	40.0	44.0	-18.2
European Growth AA	EU	EQ	LUX	12/28	USD	0.65	39.7	43.7	-18.4
Global Contrarain AA	GL	EQ	LUX	12/28	USD	0.88	78.7	86.7	NS
Global Property AA	OT	EQ	LUX	12/28	USD	0.67	43.9	44.2	-13.9
Global Resources AA	OT	EQ	LUX	12/28	USD	1.09	51.0	62.3	-10.7
Healthcare AA	OT	EQ	LUX	12/28	USD	0.94	13.8	14.9	NS
India Equity AA	EA	EQ	LUX	12/28	USD	1.09	77.6	78.8	-17.3
International Growth	GL	EQ	LUX	12/28	USD	3.04	20.8	24.3	-15.8
International Growth AA	GL	EQ	LUX	12/28	USD	0.71	20.5	24.0	-16.0
Japanese Growth	JP	EQ	LUX	12/28	USD	2.80	6.0	7.5	-13.0
Japanese Growth AA	JP	EQ	LUX	12/28	USD	0.73	5.7	7.2	-11.5
Latin America Equity AA	GL	EQ	LUX	12/28	USD	1.27	99.8	101.5	-4.7
Manulife GF Strategic Income Fund AA	OT	OT	NA	12/28	USD	1.00	NS	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	12/28	USD	1.12	NS	NS	NS
Russia Equity AA	EE	EQ	LUX	12/28	USD	0.65	132.3	119.7	-22.6
Taiwan Equity AA	AS	EQ	LUX	12/28	USD	1.06	77.4	86.6	2.4
Turkey Equity AA	EE	EQ	LUX	12/28	USD	0.74	99.5	99.5	-13.9
U.S. Bond AA	US	BD	LUX	12/28	USD	1.10	17.7	18.4	7.2
U.S. High Yield Bond AA	US	BD	LUX	12/28	USD	0.82	81.9	86.9	0.3
U.S. Sm Cap Equity AA	US	EQ	LUX	12/28	USD	0.82	68.8	69.7	-13.3
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	12/28	USD	1.13	7.6	7.1	3.2

■ PT CIPTADANA ASSET MANAGEMENT

Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

Indonesian Grth Fund	EA	EQ	CYM	12/23	USD	123.61	114.3	105.0	-2.6

Sensible Asset Management
A Value Partners Group company

■ SENSIBLE ASSET MANAGEMENT LIMITED

www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	12/24	USD	7.92	84.6	89.9	-7.1

SOCIETE GENERALE Asset Management

■ SG ASSET MANAGEMENT HTTP://WWW.SGAM.COM

Eq. Concentrated Euroland A	OT	OT	LUX	12/22	EUR	93.27	22.5	25.2	-19.6
Eq. Euroland Small Cap A	OT	OT	LUX	12/22	EUR	139.75	41.0	46.0	-12.1
Eq. Global Resources A	OT	OT	LUX	12/22	USD	106.71	52.2	65.9	-9.0
Eq. India A	OT	OT	LUX	12/23	USD	128.47	76.8	78.4	-17.1
Eq. Japan CoreAlpha A	OT	OT	LUX	12/22	JPY	7246.81	23.2	27.0	-13.2
Eq. Latin America A	OT	OT	LUX	12/22	USD	112.64	80.9	83.0	-10.5

■ SGAM Fund

Bonds Eur Hi Yld A	EU	BD	LUX	12/22	EUR	20.52	54.4	56.4	-1.5
Bonds EURO A	EU	BD	LUX	12/22	EUR	41.27	4.5	4.6	5.7
Bonds EUROPE A	EU	BD	LUX	12/22	EUR	39.22	3.5	3.5	4.7
Bonds US OppsCoreplus A	US	BD	LUX	12/22	USD	37.01	17.4	18.2	9.1
Bonds World A	GL	BD	LUX	12/22	USD	42.12	5.7	5.4	7.2
Eq. China A	AS	EQ	LUX	12/23	USD	23.56	57.7	62.6	-14.6
Eq. ConcentratedEuropeA	EU	EQ	LUX	12/22	EUR	26.73	29.7	33.5	-17.7
Eq. Euroland A	EU	EQ	LUX	12/22	EUR	10.76	17.3	20.1	-20.3
Eq. EurolandCyclclsA	EU	EQ	LUX	12/22	EUR	17.68	28.7	32.1	-15.7
Eq. EurolandFinancialA	OT	EQ	LUX	12/22	EUR	11.21	33.1	36.6	-21.6
Eq. Glbl Emg Cty A	GL	EQ	LUX	12/22	USD	9.30	55.5	57.1	-15.3
Eq. Global A	GL	EQ	LUX	12/22	USD	27.59	31.1	35.7	-14.3
Eq. Global Energy A	OT	EQ	LUX	12/22	USD	17.92	25.7	32.3	-14.0
Eq. Gold Mines A	OT	EQ	LUX	12/22	USD	29.59	41.5	56.1	4.0
Eq. US Lg Cap Gr A	US	EQ	LUX	12/22	USD	15.26	41.5	44.6	-13.9
Eq. US Rel Val A	US	EQ	LUX	12/22	USD	20.60	32.7	38.0	-15.1
Eq. US Sm Cap Val A	US	EQ	LUX	12/22	USD	15.93	23.1	29.7	-21.5
Money Market EURO A	EU	MM	LUX	12/22	EUR	27.39	1.0	1.0	2.7
Money Market USD A	US	MM	LUX	12/22	USD	15.83	0.5	0.6	1.7

The National Investor

■ THE NATIONAL INVESTOR

TNI Tower | Zayed 1st Street Khalidia| Web:www.tni.ae

TNI Mena Real Estate Fund	OT	OT	BMU	12/10	USD	929.00	-1.2	-7.1	-28.2
TNI MENA Special Sits Fund	OT	OT	BMU	11/30	USD	1070.31	10.2	10.3	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	12/10	AED	4.67	1.8	-10.5	-35.1

Value Partners
Investing through discipline

■ WEBSITE: WWW.VALUEPARTNERS.COM.HK, TEL: (852) 2880 9263, FAX: (852) 2564 8487

**formerly known as China ABH Shares Fund*

Intel-Chin MainInd Foc	AS	EQ	CYM	12/15	USD	29.84	86.0	90.8	0.9
Intel-China Converg*	AS	EQ	CYM	12/15	USD	114.29	87.6	93.1	-0.6
VP Classic - A	AS	EQ	CYM	12/24	USD	182.56	79.1	84.9	-2.1
VP CLassic - B	AS	EQ	CYM	12/24	USD	85.10	78.2	84.0	-2.6
VP High Dividend Stk	AS	EQ	CYM	12/21	USD	44.29	78.2	81.5	-0.3

yuki
Yuki Management & Research
Tel +81-3-5298-3277 www.yukijapan.co.jp

■ YUKI INTERNATIONAL LIMITED

Tel +44-207-269 0203 www.yukifunds.com

■ YMR-N Series

YMR-N Growth Fund	OT	OT	IRL	12/24	JPY	9447.00	9.8	12.4	-24.7
YMR-N Small Cap Fund	OT	OT	IRL	12/24	JPY	6980.00	8.8	13.4	-24.8

■ Yuki 77 Series

Yuki 77 General	JP	EQ	IRL	12/24	JPY	6170.00	4.5	7.8	-26.5
Yuki 77 Growth	JP	EQ	IRL	12/24	JPY	5650.00	-4.5	-2.5	-32.0

■ Yuki Chugoku Series

Yuki Chugoku Jpn Gen	JP	EQ	IRL	12/24	JPY	6851.00	9.8	13.6	-23.2
Yuki Chugoku JpnLowP	JP	EQ	IRL	12/24	JPY	7581.00	-7.4	-4.4	-23.0

■ Yuki Hokuyo Japan Series

Yuki Hokuyo Jpn Gen	JP	EQ	IRL	12/24	JPY	4699.00	3.3	6.3	-26.7
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	12/24	JPY	5285.00	0.1	2.1	-20.3
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	12/24	JPY	5079.00	7.9	12.3	-22.8

■ Yuki Mizuho Series

Yuki Mizuho Gen Jpn III	OT	OT	IRL	12/24	JPY	4433.00	4.3	7.2	-30.6
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	12/24	JPY	4660.00	3.7	6.8	-30.4
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	12/24	JPY	7009.00	14.9	18.7	-24.8
Yuki Mizuho Jpn Gen	OT	OT	IRL	12/24	JPY	8661.00	8.0	11.6	-24.3
Yuki Mizuho Jpn Gro	OT	OT	IRL	12/24	JPY	6384.00	2.1	4.4	-27.8
Yuki Mizuho Jpn Inc	OT	OT	IRL	12/24	JPY	7669.00	-3.6	-1.0	-23.2
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	12/24	JPY	5223.00	4.8	7.8	-25.3
Yuki Mizuho Jpn LowP	OT	OT	IRL	12/24	JPY	11472.00	1.2	4.5	-20.1
Yuki Mizuho Jpn PGth	OT	OT	IRL	12/24	JPY	7958.00	4.2	7.3	-30.2
Yuki Mizuho Jpn SmCp	OT	OT	IRL	12/24	JPY	7145.00	16.5	21.5	-24.8
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	12/24	JPY	5657.00	8.9	12.0	-22.1
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	12/24	JPY	2714.00	13.7	17.3	-30.6

■ Yuki Shizuoka Japan Series

Yuki Shizuoka General Japan	JP	EQ	IRL	12/24	JPY	5452.00	6.9	10.6	-23.9

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

BLUE CHIPS & BONDS

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Brazil	1.38%	**105.8%**	116.1%
Russia	0.25	**98.7**	102.1
Turkey	0.18	**87.5**	90.5
China 88	1.49	**77.9**	74.9
Singapore	0.66	**63.9**	62.1
South Korea	0.64	**53.9**	54.3
Sweden	0.31	**50.5**	52.1
Hong Kong	-0.07	**45.5**	45.9
Netherlands	0.65	**40.8**	43.6
Canada	unch.	**29.1**	34.2
Australia	unch.	**27.7**	30.5
Switzerland	0.50	**26.4**	28.4
South Africa	1.05	**23.7**	25.5
France	0.85	**23.1**	26.5
Italy	0.74	**22.6**	24.2
U.K.	unch.	**21.4**	25.0
Germany	0.64	**18.7**	21.4
Spain	0.45	**17.8**	20.0
Japan	0.59	**8.5**	9.1

Dow Jones Regional Sector Titans

Basic Res	0.88%	**84.0%**	87.8%
Technology	0.41	**56.4**	60.3
Tiger 50*	0.34	**55.2**	56.4
Nordic 30 -p	0.35	**37.3**	40.9
EU Enlarged†-p	0.08	**31.6**	31.8
Asian 50	0.50	**30.6**	31.4
Stoxx 50 -p	0.45	**23.5**	28.1
Global 50	0.23	**21.3**	23.6
Euro Stoxx 50 -p	0.40	**20.8**	24.4
Arab 50	-0.18	**4.0**	3.8

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Monday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Hon Hai Precision Ind	Taiwan	Electrical Components Equipment	$39.7	150.00	**1.69%**	181.9%	2.4%
Nissan Motor	Japan	Automobiles	35.6	800.00	**1.65**	150.8	-44.2
Shin-Etsu Chml	Japan	Specialty Chemicals	24.8	5,340	**1.52**	35.2	-33.0
JFE Hldgs	Japan	Iron Steel	21.3	3,690	**1.37**	57.4	-39.8
Nippon Steel	Japan	Iron Steel	25.7	374.00	**1.36**	29.0	-45.3
Japan Tobacco	Japan	Tobacco	$33.8	322,000	**-2.13%**	9.4	-44.0
Mizuho Financial Grp	Japan	Banks	25.8	168.00	**-1.75**	-34.8	-80.2
Sun Hung Kai Prop	Hong Kong	Real Estate Holding Development	37.3	112.80	**-1.31**	71.6	26.3
Cheung Kong	Hong Kong	Real Estate Holding Development	28.9	96.90	**-1.02**	33.7	1.2
Mitsubishi UFJ Finl	Japan	Banks	57.9	458.00	**-0.65**	-17.6	-68.8

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Sony Japan (Consumer Electronics)	29.4	2,705	**1.12%**	42.4%	-47.0%
KB Fncl Group South Korea (Banks)	19.8	60,300	**1.01**	79.8	-17.2
Shinhan Financial Grp South Korea (Banks)	18.2	44,950	**1.01**	55.3	-2.1
Honda Motor Japan (Automobiles)	62.5	3,130	**0.97**	66.2	-33.4
Seven I Hldgs Japan (Broadline Retailers)	18.8	1,904	**0.90**	-34.8	-48.5
Panasonic Japan (Consumer Electronics)	30.3	1,338	**0.83**	20.1	-43.7
Takeda Pharm Japan (Pharmaceuticals)	33.1	3,840	**0.79**	-16.5	-53.0
Mitsui Japan (Industrial Suppliers)	25.8	1,302	**0.77**	48.8	-26.9
PetroChina Hong Kong (Integrated Oil Gas)	25.4	9.35	**0.65**	42.5	-15.2
East Japan Railway Japan (Travel Tourism)	25.5	5,900	**0.51**	-14.4	-25.8
POSCO South Korea (Iron Steel)	40.2	619,000	**0.49**	64.2	100.3
Kansai Elec Power Japan (Conventional Electricity)	22.2	2,130	**0.47**	-17.8	-33.6
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	51.1	63.70	**0.47**	47.7	-4.2
Mitsubishi Japan (Industrial Suppliers)	40.9	2,280	**0.44**	89.4	1.8
Nintendo Japan (Toys)	30.4	21,780	**0.37**	-34.8	-29.5
China Mobile (HK) Hong Kong (Mobile Telecommunications)	178.9	69.80	**0.29**	-9.2	3.9
Nippon T&T Japan (Fixed Line Telecommunications)	53.3	3,690	**0.27**	-21.2	-37.0
China Life Ins Hong Kong (Life Insurance)	36.2	37.75	**0.27**	63.1	42.2
Toyota Motor Japan (Automobiles)	132.8	3,860	**0.26**	31.5	-51.5
Canon Japan (Electronic Office Equipment)	53.4	3,960	**0.25**	46.9	-40.9

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Hutchison Whampoa Hong Kong (Diversified Industrials)	27.3	49.65	**0.20%**	25.5%	-37.2%
NTT DoCoMo Japan (Mobile Telecommunications)	59.4	130,300	**0.08**	-25.5	-30.7
Aus NZ Bk Australia (Banks)	49.8	22.39	**Closed**	46.3	-20.6
BHP Billiton Australia (General Mining)	126.5	42.47	**Closed**	46.9	67.9
Commonwlth Bk of Aus Australia (Banks)	72.6	53.87	**Closed**	91.2	8.9
National Australia Bk Australia (Banks)	49.7	26.70	**Closed**	27.9	-33.9
QBE Ins Grp Australia (Reinsurance)	22.4	24.60	**Closed**	-1.8	-14.7
RioZim Ltd Australia (General Mining)	39.6	73.50	**Closed**	154.5	25.3
Westpac Bking Australia (Banks)	65.6	25.39	**Closed**	51.6	4.7
Woodside Petroleum Australia (Exploration Production)	30.2	47.50	**Closed**	36.6	24.6
Woolworths Australia (Food Retailers Wholesalers)	29.9	27.42	**Closed**	4.2	14.7
Westfield Grp Australia (Retail REITs)	25.1	12.27	**Closed**	-7.1	-41.2
KDDI Japan (Mobile Telecommunications)	23.7	491,000	**...**	-21.6	-39.2
Tokio Marine Hldgs Japan (Property Casualty Insurance)	21.9	2,545	**...**	-5.7	-39.4
Tokyo Elec Power Japan (Conventional Electricity)	34.9	2,365	**-0.21**	-21.0	-38.6
China Constr Bk Hong Kong (Banks)	191.2	6.60	**-0.30**	55.3	33.3
Indl Comm Bk China Hong Kong (Banks)	68.4	6.39	**-0.31**	54.4	32.3
CNOOC Hong Kong (Exploration Production)	69.2	12.02	**-0.33**	74.2	62.7
Samsung Elec South Korea (Semiconductors)	99.3	787,000	**-0.38**	73.4	28.4
Sumitomo Mitsui Finl Japan (Banks)	30.1	2,730	**-0.55**	-27.4	-77.6

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

WSJ.com

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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.51%	0.69%	1.7%	8.2%	7.9%
Event Driven	0.17	0.65	2.9	15.1	15.3
Equity Long/Short	0.62	1.94	0.7	4.8	4.4

*Estimates as of 12/23/09, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.74	101.19%	0.01%	1.00	0.74	0.85
Eur. High Volatility: 12/1	1.06	99.71	0.01	1.76	1.06	1.39
Europe Crossover: 12/1	4.37	102.53	0.05	6.15	4.37	5.24
Asia ex-Japan IG: 12/1	0.96	100.20	0.01	1.29	0.96	1.08
Japan: 12/1	1.36	98.26	0.01	1.68	0.99	1.33

Note: Data as of December 23

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points

Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Marui Group	245	**-5**	-3	18
Sanyo Shinpan Fin	862	**-4**	-113	-133
Sharp	54	**-4**	-3	-5
Mitsubishi Heavy Inds	85	**-4**	-5	-5
Swire Pac	76	**-2**	1	-4
Kdom Thailand	97	**-2**	4	-8
Samsung Electrs	67	**-1**	2	-6
Kawasaki Heavy Inds	154	**-1**	-5	38
Socialist Rep Vietnam	236	**-1**	1	24
Nippon Paper Inds	91	**-1**	-19	1

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
East Japan Rwy	21	**...**	1	-1
Hitachi	90	**1**	-5	-15
Fujitsu	61	**1**	...	...
Singapore Telecom	38	**1**	1	-5
Tenaga Nasional	90	**2**	2	-3
Kawasaki Kisen Kaisha	256	**2**	3	36
MISC	93	**3**	5	-4
Lg Electrs	99	**3**	7	-7
Bk of China	116	**3**	5	4
China Dev Bk	113	**6**	1	1

Source: Markit Group

Behind Europe's deals: Bank revenue rankings, UK

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
JPMorgan	$598	12.3%	74%	9%	16%	1%
RBS	439	9.0	54	38	4	4
UBS	332	6.8	53	4	42	...
Goldman Sachs	306	6.3	55	18	27	...
Citi	291	6.0	55	11	34	1
Credit Suisse	291	6.0	77	8	13	1
Barclays Capital	262	5.4	16	63	14	7
Bank of America Merrill Lynch	235	4.8	72	13	14	1
HSBC	235	4.8	35	48	9	7

Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange *LME prices as of 12/24/09

	Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
	Corn (cents/bu.)	CBOT	**415.75**	7.25	**1.77%**	712.25	315.50
	Soybeans (cents/bu.)	CBOT	**1023.00**	15.00	**1.49**	1,560.00	805.00
	Wheat (cents/bu.)	CBOT	**546.00**	21.50	**4.10**	1,029.25	459.00
	Live cattle (cents/lb.)	CME	**85.100**	0.350	**0.41**	116.900	78.700
	Cocoa ($/ton)	ICE-US	**3,227**	-44	**-1.35%**	3,510	1,994
	Coffee (cents/lb.)	ICE-US	**137.05**	-2.25	**-1.62**	188.65	115.00
	Sugar (cents/lb.)	ICE-US	**27.20**	0.12	**0.44**	27.32	11.91
	Cotton (cents/lb.)	ICE-US	**76.46**	2.81	**3.82**	84.00	49.67
	Crude palm oil (ringgit/ton)	MDEX	**2,592.00**	38	**1.49**	3,580	1,487
	Cocoa (pounds/ton)	LIFFE	**2,242**	11	**0.49**	2,337	1,310
	Robusta coffee ($/ton)	LIFFE	**1,327**	-8	**-0.60**	1,710	1,309
	Copper (cents/lb.)	COMEX	**331.50**	2.25	**0.68**	365.00	135.50
	Gold ($/troy oz.)	COMEX	**1109.70**	4.90	**0.44**	1,227.50	762.30
	Silver (cents/troy oz.)	COMEX	**1752.00**	8.00	**0.46**	2,011.50	1,045.00
	Aluminum ($/ton)*	LME	**2,249.00**	8.00	**0.36**	2,283.00	1,288.00
	Tin ($/ton)*	LME	**15,850.00**	unch.	**unch.**	15,945.00	9,750.00
	Copper ($/ton)*	LME	**6,944.00**	45.00	**0.65**	7,100.00	2,815.00
	Lead ($/ton)*	LME	**2,327.50**	27.50	**1.20**	2,487.00	870.00
	Zinc ($/ton)*	LME	**2,475.00**	47.00	**1.94**	2,475.00	1,086.00
	Nickel ($/ton)*	LME	**18,005**	255	**1.44**	21,150	9,475
	Crude oil ($/bbl.)	NYMEX	**79.00**	0.95	**1.22**	117.00	47.60
	Heating oil ($/gal.)	NYMEX	**2.0913**	0.0351	**1.71**	3.5570	1.3816
	RBOB gasoline ($/gal.)	NYMEX	**2.0443**	0.0337	**1.68**	2.1342	1.2304
	Natural gas ($/mmBtu)	NYMEX	**5.915**	0.229	**4.03**	12.590	4.550
	Brent crude ($/bbl.)	ICE-EU	**77.08**	0.77	**1.01**	145.00	50.00
	Gas oil ($/ton)	ICE-EU	**626.75**	19.75	**3.25**	790.00	443.50

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on Dec. 28

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.4559	0.1833	3.7913	0.2638
Brazil real	2.5018	0.3997	1.7385	0.5752
Canada dollar	1.5014	0.6661	1.0433	0.9585
1-mo. forward	1.5014	0.6661	1.0433	0.9585
3-mos. forward	1.5014	0.6661	1.0433	0.9585
6-mos. forward	1.5016	0.6660	1.0435	0.9584
Chile peso	728.81	0.001372	506.45	0.001975
Colombia peso	2935.37	0.0003407	2039.80	0.0004903
Ecuador US dollar-f	1.4390	0.6949	1	1
Mexico peso-a	18.6066	0.0537	12.9298	0.0773
Peru sol	4.1538	0.2407	2.8865	0.3464
Uruguay peso-e	28.133	0.0355	19.550	0.0512
U.S. dollar	1.4390	0.6949	1	1
Venezuela bolivar	3.09	0.323617	2.15	0.465701
ASIA-PACIFIC				
Australia dollar	1.6216	0.6167	1.1268	0.8875
China yuan	9.8290	0.1017	6.8302	0.1464
Hong Kong dollar	11.1617	0.0896	7.7563	0.1289
India rupee	66.8655	0.0150	46.4650	0.0215
Indonesia rupiah	13585	0.0000736	9440	0.0001059
Japan yen	131.88	0.007583	91.65	0.010912
1-mo. forward	131.85	0.007584	91.63	0.010914
3-mos. forward	131.82	0.007586	91.60	0.010917
6-mos. forward	131.69	0.007594	91.51	0.010927
Malaysia ringgit-c	4.9359	0.2026	3.4300	0.2915
New Zealand dollar	2.0328	0.4919	1.4126	0.7079
Pakistan rupee	120.808	0.0083	83.950	0.0119
Philippines peso	66.736	0.0150	46.375	0.0216
Singapore dollar	2.0233	0.4942	1.4060	0.7112
South Korea won	1682.97	0.0005942	1169.50	0.0008551
Taiwan dollar	46.463	0.02152	32.287	0.03097
Thailand baht	48.050	0.02081	33.390	0.02995

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.6949	1.4391
1-mo. forward	1.0000	1.0000	0.6949	1.4390
3-mos. forward	1.0002	0.9998	0.6950	1.4388
6-mos. forward	1.0005	0.9995	0.6953	1.4383
Czech Rep. koruna-b	26.422	0.0378	18.361	0.0545
Denmark krone	7.4428	0.1344	5.1720	0.1933
Hungary forint	272.69	0.003667	189.49	0.005277
Norway krone	8.3321	0.1200	5.7900	0.1727
Poland zloty	4.1545	0.2407	2.8870	0.3464
Russia ruble-d	42.763	0.02338	29.716	0.03365
Sweden krona	10.3838	0.0963	7.2158	0.1386
Switzerland franc	1.4881	0.6720	1.0341	0.9670
1-mo. forward	1.4878	0.6721	1.0339	0.9673
3-mos. forward	1.4871	0.6724	1.0334	0.9677
6-mos. forward	1.4858	0.6730	1.0325	0.9686
Turkey lira	2.1748	0.4598	1.5113	0.6617
U.K. pound	0.8994	1.1118	0.6250	1.6000
1-mo. forward	0.8996	1.1117	0.6251	1.5997
3-mos. forward	0.8999	1.1112	0.6254	1.5991
6-mos. forward	0.9004	1.1107	0.6257	1.5983
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5425	1.8433	0.3770	2.6526
Egypt pound-a	7.9105	0.1264	5.4970	0.1819
Israel shekel	5.4432	0.1837	3.7825	0.2644
Jordan dinar	1.0185	0.9818	0.7078	1.4129
Kuwait dinar	0.4128	2.4227	0.2868	3.4864
Lebanon pound	2162.17	0.0004625	1502.50	0.0006656
Saudi Arabia riyal	5.3977	0.1853	3.7509	0.2666
South Africa rand	10.7785	0.0928	7.4900	0.1335
United Arab dirham	5.2856	0.1892	3.6730	0.2723
SDR -f	0.9174	1.0901	0.6375	1.5686

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	Net change	Percentage change	PERFORMANCE Yr.-to-date	52-wk.
33	**ASIA-PACIFIC**	**DJ Asia-Pacific**	123.11	0.89	**0.73%**	31.5%	32.6%
16	Australia	**SPX/ASX 200**	4790.85		**Closed**	28.7	32.3
...	China	**CBN 600**	28358.21	436.66	**1.56**	92.1	88.6
20	Hong Kong	**Hang Seng**	21480.22	-36.78	**-0.17%**	49.3	49.9
20	India	**Sensex**	17360.61		**Closed**	80.0	82.1
16	Indonesia	**Jakarta Composite**	2509.692	34.810	**1.41**	85.2	87.2
...	Japan	**Nikkei Stock Average**	10634.23	139.52	**1.33**	20.0	21.6
...		**Topix**	914.78	5.39	**0.59**	6.5	7.0
...	Malaysia	**Kuala Lumpur Composite**	1272.73	8.79	**0.70**	45.2	46.7
16	New Zealand	**NZSX-50**	3205.200		**Closed**	18.0	19.7
9	Pakistan	**KSE 100**	9422.23		**Closed**	60.7	49.7
14	Philippines	**Manila Composite**	3032.84	8.51	**0.28**	61.9	61.9
...	Singapore	**Straits Times**	2855.68	17.98	**0.63**	62.1	60.4
11	South Korea	**Kospi**	1685.59	3.25	**0.19**	49.9	50.8
21	Taiwan	**Weighted**	8057.49	84.90	**1.06**	75.5	82.5
10	Thailand	**SET**	733.71	3.30	**0.45**	63.1	64.3
50	**EUROPE**	**DJ Stoxx 600**	253.20	1.30	**0.52**	28.6	30.9
22		**DJ Stoxx 50**	2590.63	17.74	**0.69**	25.4	28.0
62	**Euro Zone**	**DJ Euro Stoxx**	275.73	1.91	**0.70%**	23.8%	26.5%
20		**DJ Euro Stoxx 50**	2983.72	26.24	**0.89**	21.7	24.9
19	Denmark	**OMX Copenhagen**	313.69	-0.47	**-0.15%**	38.7	39.0
20	Finland	**OMX Helsinki**	6361.60	0.07	**0.001**	17.7	21.9
19	France	**CAC-40**	3947.15	34.42	**0.88**	22.7	26.1
21	Germany	**DAX**	6002.92	45.48	**0.76**	24.8	27.6
17	Italy	**FTSE MIB**	23302.56	193.44	**0.84**	19.7	21.6
...	Netherlands	**AEX**	336.11	2.51	**0.75**	36.7	39.6
...	Russia	**RTSI**	1451.60	1.35	**0.09**	129.7	125.8
11	Spain	**IBEX 35**	12023.2	55.7	**0.47**	30.7	33.3
15	Switzerland	**SMI**	6591.01	11.03	**0.17**	19.1	20.6
...	Turkey	**ISE National 100**	51619.41	-41.93	**-0.08**	92.2	95.4
15	U.K.	**FTSE 100**	5402.41		**Closed**	21.8	25.1
21	**AMERICAS**	**DJ Americas**	299.99	0.94	**0.31**	32.7	39.5
17	Brazil	**Bovespa**	67989.72	400.86	**0.59**	81.1	84.2
13	Argentina	**Merval**	2279.22	29.87	**1.33**	111.1	111.5
21	Mexico	**IPC**	32549.04	24.67	**0.08**	45.4	45.1

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Reuters Group PLC is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones and Dow Jones Stoxx Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
		DJ Global Index	228.20	1.18	**1.18%**	35.7%	0.5%	-6.4%
1.89%	21	**Global DOW**	1989.12	6.99	**6.99**	32.8	0.3	-2.4
2.34		**Asia/Pacific 600**	115.27	0.85	**0.85**	21.3	0.8	-7.7
1.76	15	**Emerging Markets**	278.10	2.64	**2.64**	80.7	1.0	3.4
2.12	33	**Asia/Pacific**	123.11	0.89	**0.89**	32.6	0.7	-5.5
2.38	14	**Asia/Pacific ex-Japan**	310.26	1.90	**1.90**	70.8	0.6	0.4
2.53	22	**Southeast Asia**	158.11	1.57	**1.57**	78.8	1.0	2.4
0.83	30	**CBN China 600** -c	28358.21	436.66	**436.66**	88.6	1.6	23.1
0.85	33	**Shanghai**	377.93	5.83	**5.83**	88.3	1.6	23.2
0.58	47	**Shenzhen**	410.73	6.47	**6.47**	111.9	1.6	30.3
2.21	19	**China Offshore 50**	4026.34	11.36	**11.36**	52.8	0.3	5.5
8.65	9	**Australia LPT** -c, d	1134.31	0.00	**0.00**	2.4	0.0	-22.3
2.07%	15	**Islamic Market**	1985.68	8.65	**8.65%**	37.7%	0.4%	-1.5%
2.35	16	**Islamic Market 100**	2136.00	8.06	**8.06**	25.2	0.4	-2.3
9.74	14	**Bahrain**	120.85	0.00	**0.00**	-21.3	0.0	-13.8
2.79	33	**Kuwait**	196.63	-1.63	**-1.63**	-12.4	-0.8	-15.9
2.61	20	**Sustainability**	1015.32	5.30	**5.30**	33.9	0.5	-7.2
2.72	50	**Stoxx 600 -p**	269.64	2.69	**2.69**	34.2	1.0	-8.9
4.74	17	**Stoxx Select Div 30 -p**	1781.54	15.77	**15.77**	32.1	0.9	-21.2
3.98	23	**Euro Stoxx Sel Div 30 -p**	2117.96	21.83	**21.83**	32.7	1.0	-16.5
1.70	30	**DJ U.S. TSM**	11646.47	23.65	**23.65**	33.7	0.2	-6.7
5.21	12	**U.S. Select Dividend -d**	659.32	0.98	**0.98**	18.3	0.1	-9.9
4.32		**U.S. REIT**	151.34	1.72	**1.72**	36.5	1.1	-17.0
		DJ-UBS Commodity -p	138.03	0.73	**0.73**	24.4	0.5	-6.1

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: DowJones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

U.S.	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
		1.127	0.625	1.043	6.830	0.695	7.756	46.465	9440.20	91.645	1.413	1169.49	3.430	46.375	1.406	1.034	32.287	33.390
Australia	0.887		0.555	0.926	6.061	0.617	6.883	41.235	8377.70	81.330	1.254	1037.87	3.044	41.155	1.248	0.918	28.653	29.632
Britain	1.600	1.803		1.669	10.928	1.112	12.410	74.344	15104.31	146.632	2.260	1871.19	5.488	74.200	2.250	1.655	51.659	53.424
Canada	0.958	1.080	0.599		6.547	0.666	7.434	44.537	9048.40	87.841	1.354	1120.96	3.288	44.450	1.348	0.991	30.947	32.004
China	0.1464	0.165	0.092	0.153		0.102	1.136	6.803	1382.13	13.418	0.207	171.22	0.502	6.790	0.206	0.151	4.727	4.889
Euro	1.439	1.622	0.899	1.501	9.829		11.162	66.865	13584.91	131.882	2.033	1682.96	4.936	66.736	2.023	1.488	46.463	48.050
Hong Kong	0.129	0.145	0.081	0.135	0.881	0.090		5.991	1217.10	11.816	0.182	150.78	0.442	5.979	0.181	0.133	4.163	4.305
India	0.0215	0.0243	0.0135	0.0225	0.1470	0.0150	0.1669		203.17	1.9723	0.0304	25.17	0.0738	0.9981	0.0303	0.0223	0.6949	0.7186
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0049		0.0097	0.0001	0.12	0.0004	0.0049	0.0001	0.0001	0.0034	0.0035
Japan	0.011	0.012	0.007	0.011	0.075	0.008	0.085	0.507	103.01		0.015	12.76	0.037	0.506	0.015	0.011	0.352	0.364
New Zealand	0.708	0.798	0.442	0.739	4.835	0.492	5.491	32.893	6682.72	64.875		827.89	2.428	32.829	0.995	0.732	22.856	23.637
South Korea	0.0009	0.0010	0.0005	0.0009	0.0058	0.0006	0.0066	0.0397	8.07	0.0784	0.0012		0.0029	0.0397	0.0012	0.0009	0.0276	0.0286
Malaysia	0.292	0.329	0.182	0.304	1.991	0.203	2.261	13.547	2752.24	26.719	0.412	340.96		13.520	0.410	0.301	9.413	9.735
Philippines	0.022	0.024	0.013	0.022	0.147	0.015	0.167	1.002	203.56	1.976	0.030	25.22	0.074		0.030	0.022	0.696	0.720
Singapore	0.711	0.801	0.445	0.742	4.858	0.494	5.517	33.048	6714.22	65.181	1.005	831.79	2.440	32.984		0.735	22.964	23.748
Switzerland	0.967	1.090	0.604	1.009	6.605	0.672	7.501	44.933	9128.90	88.623	1.366	1130.93	3.317	44.846	1.360		31.222	32.289
Taiwan	0.031	0.035	0.019	0.032	0.212	0.022	0.240	1.439	292.38	2.838	0.044	36.22	0.106	1.436	0.044	0.032		1.034
Thailand	0.030	0.034	0.019	0.031	0.205	0.021	0.232	1.392	282.73	2.745	0.042	35.03	0.103	1.389	0.042	0.031	0.967	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of December. 28, 2009

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.50%	25	**ALL COUNTRY (AC) WORLD***	299.52	-0.04%	**31.6%**	36.1%
2.50	26	**World (Developed Markets)**	1,171.56	-0.05	**27.3**	31.2
1.90	124	**World Small Cap**	191.04	-0.01	**42.3**	50.7
2.60	22	**Kokusai (World ex-Japan)**	1,161.10	...	**30.1**	33.3
3.10	26	**EAFE**	1,572.85	-0.11	**27.1**	34.6
2.20	20	**Emerging Markets (EM)**	974.20	0.03	**71.8**	84.9
2.60	25	**AC ASIA PACIFIC EX-JAPAN**	406.92	...	**64.5**	78.9
2.10	25	**AC Far East ex-Japan**	440.93	0.01	**61.7**	77.9
1.80	35	**Japan**	569.06	-0.52	**7.4**	10.4
1.90	20	**China**	63.55	...	**55.8**	72.1
0.90	39	**China A (China Domestic)**	3,252.08	-0.24	**87.5**	87.1
2.60	23	**Hong Kong**	9,996.09	...	**52.5**	58.2
1.00	21	**India**	705.33	...	**91.0**	103.7
1.10	24	**Korea**	479.75	...	**56.3**	60.6
2.40	21	**Malaysia**	467.02	...	**45.4**	47.2
3.10	17	**Singapore**	1,587.84	...	**59.3**	61.4
2.70	315	**Taiwan**	288.30	-0.03	**66.3**	72.1
3.10	20	**Thailand**	299.08	0.51	**61.6**	80.2
4.00	25	**Australia**	984.96	...	**28.7**	27.6
5.30	16	**New Zealand**	86.43	...	**13.8**	11.5
1.90	32	**US BROAD MARKET**	1,250.64	...	**27.3**	29.3
3.40	17	**EUROPE**	87.63	...	**26.2**	21.2

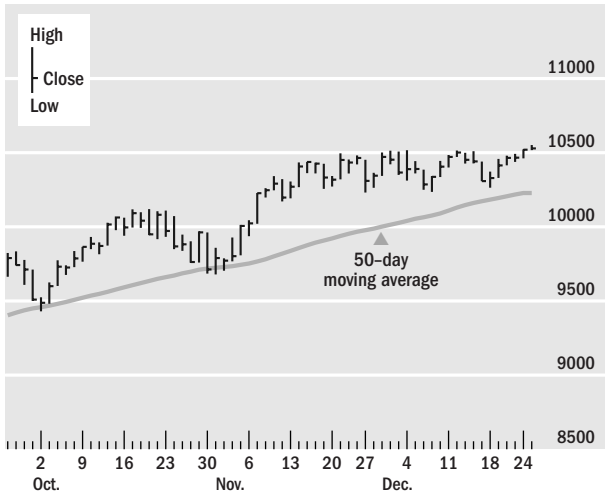
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

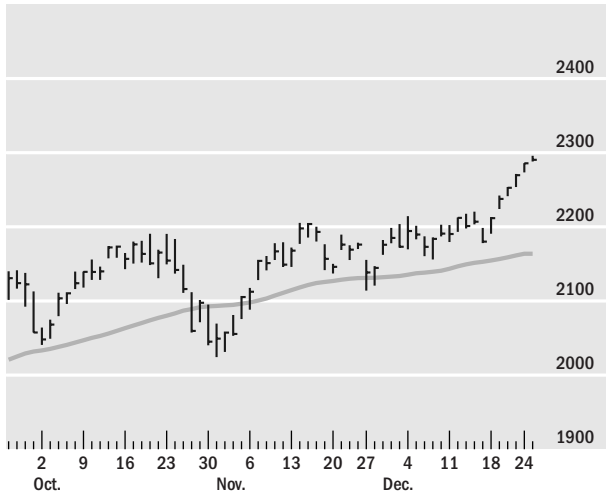
Dow Jones Industrial Average P/E: 18

LAST: **10528.86** ▲ 8.76, or 0.08%
YEAR TO DATE: ▲ **1,752.47, or 20.0%**
OVER 52 WEEKS ▲ **2,044.93, or 24.1%**



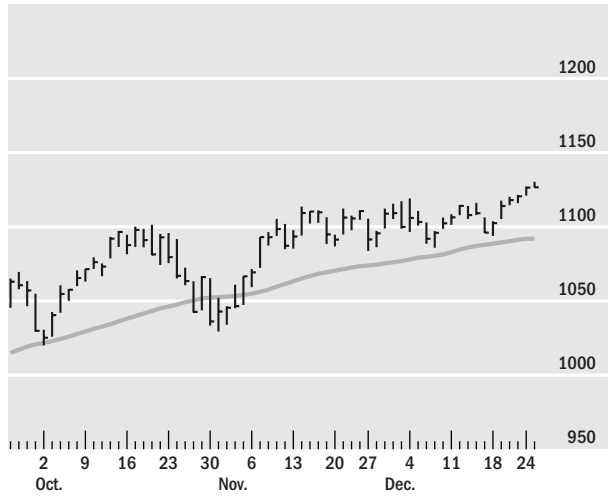
Nasdaq Composite Index P/E: 44*

LAST: **2290.40** ▲ 4.71, or 0.21%
YEAR TO DATE: ▲ **713.37, or 45.2%**
OVER 52 WEEKS ▲ **780.08, or 51.6%**



S&P 500 Index P/E: 73

LAST: **1126.66** ▲ 0.18, or 0.02%
YEAR TO DATE: ▲ **223.41, or 24.7%**
OVER 52 WEEKS ▲ **257.24, or 29.6%**



*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**4.90**	$28.29	0.19	**0.68%**
Alcoa	AA	**9.20**	16.23	-0.11	**-0.67**
AmExpress	AXP	**1.50**	41.48	-0.20	**-0.48**
BankAm	BAC	**35.60**	15.29	0.04	**0.25**
Boeing	BA	**0.70**	55.30	-0.18	**-0.32**
Caterpillar	CAT	**1.10**	58.46	0.13	**0.22**
Chevron	CVX	**1.60**	77.53	0.10	**0.13**
CiscoSys	CSCO	**8.40**	24.00	0.39	**1.65**
CocaCola	KO	**1.30**	57.36	-0.08	**-0.14**
Disney	DIS	**2.10**	32.15	-0.14	**-0.43**
DuPont	DD	**1.30**	33.60	0.18	**0.54**
ExxonMobil	XOM	**7.20**	69.03	0.37	**0.54**
GenElec	GE	**22.50**	15.32	-0.12	**-0.76**
HewlettPk	HPQ	**3.50**	52.57	-0.30	**-0.57**
HomeDpt	HD	**2.50**	29.10	-0.07	**-0.24**
Intel	INTC	**8.50**	20.41	0.36	**1.80**
IBM	IBM	**2.20**	131.83	1.26	**0.96**
JPMorgChas	JPM	**5.60**	41.90	0.01	**0.02**
JohnsJohns	JNJ	**1.80**	64.91	0.21	**0.32**
KftFoods	KFT	**1.70**	27.40	0.13	**0.48**
McDonalds	MCD	**0.70**	63.34	-0.08	**-0.13**
Merck	MRK	**3.50**	37.09	0.10	**0.27**
Microsoft	MSFT	**7.50**	30.99	0.49	**1.61**
Pfizer	PFE	**8.30**	18.57	-0.03	**-0.16**
ProctGamb	PG	**2.50**	60.90	-0.38	**-0.62**
3M	MMM	**0.80**	83.44	0.89	**1.08**
TravelersCos	TRV	**0.70**	49.79	-0.15	**-0.30**
UnitedTech	UTX	**0.60**	70.23	-0.13	**-0.18**
Verizon	VZ	**3.30**	33.49	0.13	**0.39**
WalMart	WMT	**2.50**	53.72	0.12	**0.22**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**112.9**	$3.34	–$0.01	**–0.30%**
FannieMae	FNM	**86.9**	1.24	0.19	**18.10**
FredMac	FRE	**42.6**	1.51	0.25	**19.84**
BankAm	BAC	**35.9**	15.30	0.05	**0.31**
AdventrxPharm	ANX	**33.4**	0.26	0.05	**22.92**
SPDR S&P 500	SPY	**30.1**	112.69	0.21	**0.19**
FordMotor	F	**26.0**	10.31	0.18	**1.78**
GenElec	GE	**22.7**	15.33	–0.11	**–0.71**
PwrShrs QQQ	QQQQ	**22.4**	46.18	1.30	**2.90**
iShrRu2000	IWM	**15.6**	63.29	–0.07	**–0.11**
MicronTch	MU	**13.8**	10.22	0.06	**0.59**
US NatGas	UNG	**13.3**	10.78	0.46	**4.45**
BrisMyrsSqb	BMY	**12.4**	25.94	0.18	**0.70**
Compugen	CGEN	**12.1**	5.30	2.58	**94.83**
SPDR FnclSelSct	XLF	**11.5**	14.52	–0.01	**–0.07**

Biggest gainers...

Entorian	ENTN	**10.6**	$5.30	$1.57	**42.09%**
TriMas	TRS	**47.3**	6.81	1.61	**30.96**
STEC Inc	STEC	**7,162.4**	17.15	4.04	**30.82**
Quixote	QUIX	**52.1**	2.84	0.59	**26.23**
IntgtSilSol	ISSI	**61.2**	5.64	1.16	**25.89**

...Biggest losers

CambmLearnGp	ABCD	**118.0**	$4.01	-$1.49	**-27.00%**
M G P Ingred	MGPI	**65.8**	7.64	-1.97	**-20.50**
Mannatech	MTEX	**21.9**	3.03	-0.72	**-19.20**
HKHighpwerTech	HPJ	**150.1**	7.05	-1.64	**-18.87**
CentlJerseyBcp	CJBK	**34.7**	3.02	-0.59	**-16.34**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.40	$6.36	**Taiwan Semi**	TSM	**1,017.6**	$11.20	-0.07	**-0.62%**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**947.9**	5.02	-0.08	**-1.57**
15.95	8.56	**China Unicom**	CHU	**606.4**	12.85	0.34	**2.72**
11.99	6.25	**AU Optrncs**	AUO	**592.1**	11.91	0.10	**0.86**
78.75	33.09	**BHP Billiton**	BHP	**562.0**	76.60	0.68	**0.90**
15.29	6.85	**Korea Elec Pwr**	KEP	**527.5**	14.67	0.70	**5.01**
3.87	1.65	**Utd Microelectronics**	UMC	**441.6**	3.73	0.02	**0.54**
59.22	40.20	**China Mobile**	CHL	**358.5**	45.00	0.08	**0.18**
18.80	12.59	**SK Telecom**	SKM	**276.9**	16.58	-0.06	**-0.37**
56.19	22.61	**Infosys Tech**	INFY	**248.0**	56.00	1.79	**3.30**
22.15	5.11	**Yanzhou Coal Mining**	YZC	**205.9**	21.75	0.12	**0.56**
30.82	15.64	**Sony**	SNE	**189.3**	29.47	0.16	**0.55**
43.95	21.23	**Canon**	CAJ	**186.7**	43.17	-0.67	**-1.53**
81.00	37.43	**China Life Ins**	LFC	**139.9**	72.86	-0.19	**-0.26**
19.56	15.05	**ChunghwaTel**	CHT	**137.5**	18.47	0.21	**1.15**
9.82	5.43	**Telecom Corp of NZ**	NZT	**135.8**	8.87	...	**...**
41.87	19.90	**Telekom Indonesia**	TLK	**133.0**	40.67	0.01	**0.02**
8.19	3.78	**Siliconware Prec Ind**	SPIL	**130.8**	6.90	0.21	**3.14**
32.79	9.91	**Aluminum Cp of China**	ACH	**122.2**	27.38	-0.42	**-1.51**
27.55	17.71	**NTT**	NTT	**115.9**	20.25	0.19	**0.93**
7.10	2.00	**Alumina**	AWC	**114.8**	6.52	0.05	**0.77**
17.79	11.30	**KT Corp**	KTC	**101.1**	17.23	-0.12	**-0.69**
150.50	47.09	**POSCO**	PKX	**95.0**	131.45	0.53	**0.40**
135.92	63.94	**PetroChina**	PTR	**88.9**	120.45	0.03	**0.02**
9.50	3.96	**Nomura Hldgs**	NMR	**81.3**	7.47	-0.11	**-1.45**
16.60	10.60	**Matsushita Elec**	PC	**78.2**	14.65	-0.07	**-0.44**
4.63	1.49	**Adv Semi Engrg**	ASX	**75.0**	4.40	...	**...**
27.46	14.13	**Tata Communications**	TCL	**73.4**	14.61	-0.10	**-0.68**
34.52	19.60	**Honda Motor**	HMC	**72.9**	34.13	0.13	**0.38**
4.00	1.50	**SemiMfgInt**	SMI	**69.7**	3.29	0.06	**1.86**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

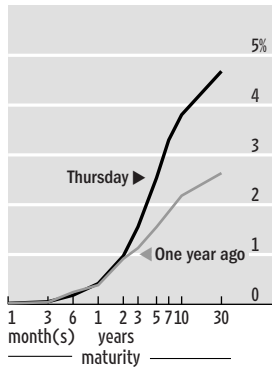
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.325%**	**332.4**	335.7	361.4	**198.1**	**4.325%**	4.298%	**2.881%**
4.500	10	**5.657**	**182.5**	185.2	205.0	**195.7**	**5.657**	5.251	**4.094**
5.000	**Austria** 2	**1.643**	**64.2**	66.1	26.7	**121.1**	**1.629**	0.951	**2.111**
3.900	10	**3.814**	**-1.8**	0.4	33.5	**172.1**	**3.809**	3.536	**3.858**
3.500	**Belgium** 2	**1.036**	**3.5**	12.4	39.3	**135.0**	**1.092**	1.077	**2.250**
4.000	10	**3.672**	**-16.0**	-11.8	38.9	**163.3**	**3.687**	3.590	**3.770**
1.250	**Canada** 2	**1.396**	**39.5**	43.0	43.4	**30.7**	**1.398**	1.118	**1.207**
3.750	10	**3.601**	**-23.1**	-20.6	2.2	**66.5**	**3.599**	3.223	**2.802**
4.000	**Denmark** 2	**1.971**	**97.0**	95.7	141.8	**184.5**	**1.925**	2.102	**2.745**
4.000	10	**3.611**	**-22.1**	-21.3	35.2	**125.5**	**3.592**	3.553	**3.392**
1.500	**France** 2	**1.123**	**12.2**	12.5	53.7	**116.2**	**1.093**	1.221	**2.062**
3.750	10	**3.542**	**-29.0**	-26.5	24.5	**126.6**	**3.540**	3.446	**3.403**
1.250	**Germany** 2	**1.251**	**25.0**	23.4	55.1	**86.4**	**1.202**	1.235	**1.764**
3.250	10	**3.342**	**-49.0**	-47.9	-3.9	**80.6**	**3.326**	3.162	**2.943**
0.550	**Hong Kong** 2	**0.730**	**-27.1**	-28.2	-27.6	**-21.1**	**0.686**	0.408	**0.689**
2.160	10	**2.831**	**-100.1**	-106.7	-104.2	**-78.3**	**2.738**	2.159	**1.354**
3.750	**Italy** 2	**1.501**	**50.0**	51.4	90.3	**210.0**	**1.482**	1.587	**3.000**
4.250	10	**4.059**	**22.7**	24.8	83.5	**215.0**	**4.053**	4.036	**4.287**
0.200	**Japan** 2	**0.167**	**-83.4**	-79.8	-45.4	**-47.5**	**0.170**	0.230	**0.425**
1.300	10	**1.307**	**-252.5**	-252.8	-194.9	**-93.5**	**1.277**	1.252	**1.202**
4.000	**Netherlands** 2	**0.866**	**-13.5**	-15.4	24.1	**117.7**	**0.814**	0.925	**2.077**
4.000	10	**3.507**	**-32.5**	-34.9	22.9	**139.8**	**3.456**	3.430	**3.535**
3.200	**Portugal** 2	**1.445**	**44.4**	33.2	54.6	**174.5**	**1.300**	1.230	**2.645**
4.750	10	**4.028**	**19.6**	22.2	60.0	**1986.3**	**4.027**	3.801	**22.000**
5.350	**Spain** 2	**1.514**	**51.3**	50.8	68.5	**159.3**	**1.476**	1.369	**2.493**
4.300	10	**3.942**	**11.0**	14.1	59.1	**169.0**	**3.946**	3.792	**3.827**
2.750	**Switzerland** 2	**0.597**	**-40.4**	-36.6	-20.8	**-14.9**	**0.602**	0.476	**0.751**
2.250	10	**1.973**	**-185.9**	-185.8	-130.5	**11.8**	**1.947**	1.896	**2.255**
3.250	**U.K.** 2	**1.318**	**31.7**	35.0	52.0	**23.9**	**1.318**	1.204	**1.139**
4.500	10	**3.994**	**16.2**	18.9	34.4	**91.3**	**3.994**	3.545	**3.050**
0.750	**U.S.** 2	**1.001**	**...**	...	...	**...**	**0.968**	0.684	**0.900**
3.375	10	**3.832**	**...**	...	...	**...**	**3.805**	3.201	**2.137**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of Thursday 2 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.679%**	16.16	–7.38%	–8.83%	–26.14%	–26.92%
10-year Treasury	**3.806**	8.27	–4.69	–3.24	–9.20	–9.70
7 Year Treasury	**3.298**	6.23	–3.54	–1.30	...	...
Five-year Treasury	**2.538**	4.64	–2.30	–0.11	–0.14	–0.09
Ryan Index	**2.808**	6.69	–3.27	–2.14	–6.44	–6.59
3 Year Treasury	**1.557**	2.91	–1.06	0.40	1.47	1.95
Two-year Treasury	**0.971**	1.91	–0.53	0.40	1.53	1.84
1 Year Treasury	**0.417**	0.98	–0.08	0.22	0.97	1.02
Six-month Treasury	**0.183**	0.50	...	0.07	0.63	0.66
Ryan Cash Index-a	**0.168**	0.45	–0.01	0.09	0.53	0.54
Three-month bill	**0.051**	0.25	0.02	0.06	0.37	0.35
One-month bill	**0.020**	0.08	0.01	0.02	0.14	0.14

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	3.50
Japan	**1.475**	1.675
Britain	**0.50**	2.00
ECB	**1.00**	2.50
Switzerland	**0.55**	2.02
Australia	**3.75**	4.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.23125%**	0.47125%
Three month	**0.25063**	1.46750
Six month	**0.43125**	1.83000
One year	**0.97875**	2.09125

	Latest	52 wks ago
Euro Libor		
One month	**0.43625%**	2.70938%
Three month	**0.66563**	2.98688
Six month	**0.97188**	3.05688
One year	**1.21938**	3.14375
Hibor		
One month	**0.07750**	0.30000%
Three month	**0.12607**	1.00000
Six month	**0.26786**	1.55000
One year	**0.61643**	1.90000
Asian dollars		
One month	**0.2395%**	0.48%
Three month	**0.2633**	1.4588
Six month	**0.4563**	1.8300
One year	**0.9938**	2.0725

	Offer	Bid
Eurodollars		
One month	**0.3500%**	0.2000%
Three month	**0.3300**	0.2300
Six month	**0.4100**	0.3100
One year	**0.6500**	0.5500

	Latest	52 wks ago
U.S. discount	**0.50%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.13%**	0.13%
U.K. (BBA)	**0.498**	1.767
Euro zone	**0.30**	2.15

Sources: WSJ Market Data Group; Reuters

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Monday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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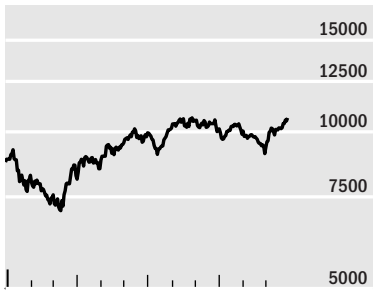
Asian index movers...

Nikkei Stock Average
Japan 10634.23
▲ **1.33% or 139.52**

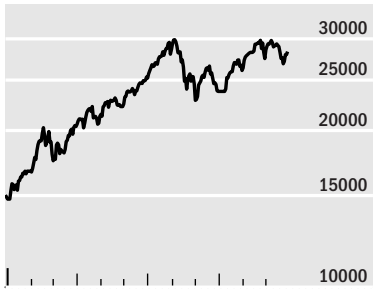
Tokyo shares closed at their highest level in four months. Nippon Oil and Nippon Mining surged on merger plans. Exporters Sharp rose 2.2%, while Nissan Motor gained 1.7%.



Stock	Volume in millions	Close	Change Net	Change %
Mizuho Financial	**129.24**	168	–3	–1.75
Mtshbsh Fin Grp	**80.10**	458	–3	–0.65
Hitachi	**56.12**	276	3	1.10
Sumitomo Metal	**33.53**	251	4	1.62
JapanAirlines	**26.57**	96	–1	–1.03

CBN 600
China 28358.21
▲ **1.56% or 436.66**

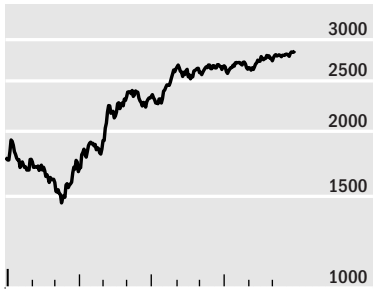
China's shares ended higher after Premier Wen Jiabao's remarks about stimulus policy. Citic Securities rose 3.6% as brokerages gained. Baoshan Iron & Steel added 3%.



Stock	Volume in millions	Close	Change Net	Change %
United Network	**210.95**	7.04	0.01	0.14
China State Con	**170.19**	4.62	0.02	0.43
HaitongSecs	**158.95**	18.38	0.39	2.17
TCL	**148.79**	5.10	0.46	9.91
Metallurgical Cn	**139.51**	5.24	0.05	0.96

Straits-Times
Singapore 2855.68
▲ **0.63% or 17.98**

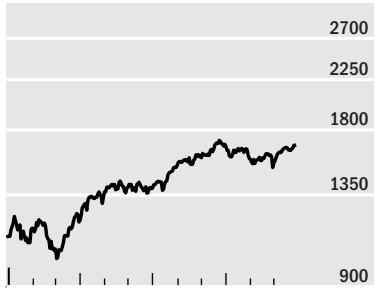
Singapore shares ended up at a new 2009 high in a broad-based rally. Casino operator Genting Singapore rose 6%, while ship and rig builder Cosco gained 4.6%.



Stock	Volume in millions	Close	Change Net	Change %
Genting Spore	**132.58**	1.24	0.07	5.98
Golden Agri	**16.14**	0.50	0.01	1.02
Olam Inter	**10.35**	2.62	0.04	1.55
Cosco	**8.74**	1.14	0.05	4.59
NeptuneOrientLines	**7.98**	1.60	0.01	0.63

Kospi
South Korea 1685.59
▲ **0.19% or 3.25**

Gains in state-run utility Korea Electric Power and other nuclear power-related companies offset profit-taking. Kepco advanced 5%, and Doosan Heavy soared 15%.

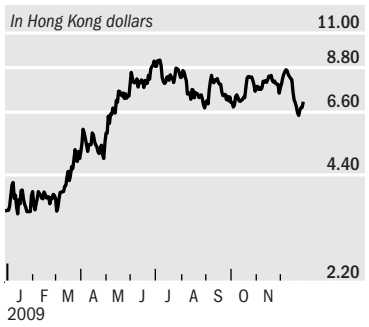


Stock	Volume in millions	Close	Change Net	Change %
Korea Data Sys	**68.26**	215	25	13.16
Korea Elec Power	**18.51**	34,400	1,650	5.04
Baemyung Metal	**12.23**	1,120	140	14.29
On Media	**11.88**	3,925	–570	–12.68
Kco Energy	**9.92**	445	5	1.14

Asian stocks in the news

Sino-Ocean Land
Hong Kong HK$7.06
▲ **3.8% or HK$0.26**

The company on Sunday said it agreed to sell 934 million new shares to China Life Insurance.



		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**19**			
Earnings per share, past four quarters	**0.38**			
Dividend yield	**1.6**			
Real Estate		**0.4%**	2.4%	34.9%
Sino-Ocean Land		**3.8%**	7.5%	102.3%

Foxconn Intl
Hong Kong HK$8.68
▲ **4.1% or HK$0.34**

The stock hit a 52-week high in intraday trade and has risen 34% in the past month.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**none**			
Earnings per share, past four quarters	**-0.04**			
Dividend yield	**none**			
Technology		**0.6%**	3.8%	69.2%
Foxconn Intl		**4.1%**	14.8%	250.0%

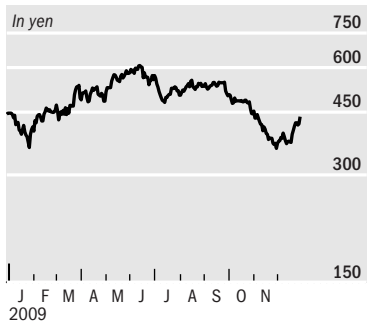
Alibaba.com
Hong Kong HK$17.62
▲ **4.4% or HK$0.74**

The company completed its acquisition of HiChina Web Solutions.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**82**			
Earnings per share, past four quarters	**0.22**			
Dividend yield	**none**			
Technology		**0.6%**	3.8%	69.2%
Alibaba.com		**4.4%**	6.0%	219.2%

Nippon Oil
Japan ¥437
▲ **4.8% or ¥20**

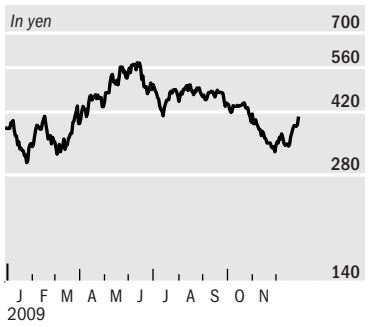
The planned tie-up with Nippon Mining boosted shares in heavy volume.



		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**9**			
Earnings per share, past four quarters	**46.40**			
Dividend yield	**4.1**			
Oil & Gas		**1.0%**	4.4%	52.2%
Nippon Oil		**4.8%**	6.3%	-1.6%

Nippon Mining Hldgs
Japan ¥408
▲ **5.4% or ¥21**

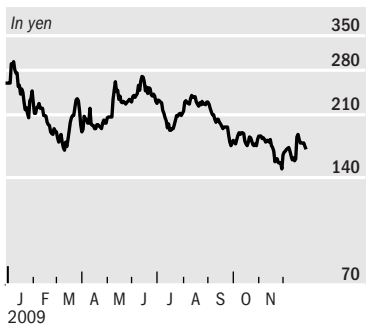
Shares surged on hopes a planned merger with Nippon Oil will involve robust restructuring.



		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**11**			
Earnings per share, past four quarters	**38.80**			
Dividend yield	**3.7**			
Oil & Gas		**1.0%**	4.4%	52.2%
Nippon Mining Hldgs		**5.4%**	7.9%	6.8%

Mizuho Financial Grp
Japan ¥168
▼ **1.8% or ¥3**

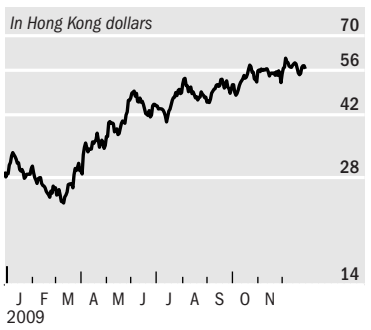
The banking company traded lower, pressured by declines in banking issues.



		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**13**			
Earnings per share, past four quarters	**13.10**			
Dividend yield	**4.8**			
Banks		**0.3%**	2.6%	27.2%
Mizuho Financial Grp		**-1.8%**	-4.0%	-34.8%

Henderson Land Dev
Hong Kong HK$56.50
▼ **2.0% or HK$1.15**

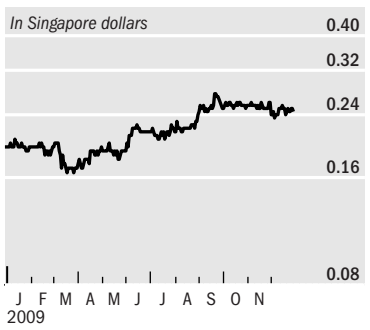
The stock eased amid weakness among Hong Kong property developers.



		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**22**			
Earnings per share, past four quarters	**2.58**			
Dividend yield	**1.1**			
Real Estate		**0.4%**	2.4%	34.9%
Henderson Land Dev		**-2.0%**	3.9%	94.2%

Thai Beverage
Singapore S$0.25
▼ **2.0% or S$0.01**

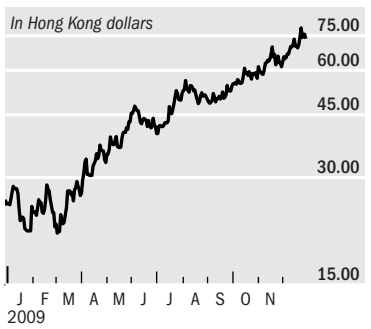
Shares fell on weak volume and have dropped 5.8% in the past month.



		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**13**			
Earnings per share, past four quarters	**0.02**			
Dividend yield	**5.7**			
Food & Beverage		**0.7%**	2.2%	31.9%
Thai Beverage		**-2.0%**	-2.0%	25.6%

ASM Pacific Tech
Hong Kong HK$73.55
▼ **2.8% or HK$2.15**

The chief executive recorded his first disposals of the stock since 2005.



		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**57**			
Earnings per share, past four quarters	**1.30**			
Dividend yield	**1.0**			
Technology		**0.6%**	3.8%	69.2%
ASM Pacific Tech		**-2.8%**	-1.5%	182.9%

Shimao Prop
Hong Kong HK$14.00
▼ **3.6% or HK$0.52**

The stock has slumped 6.4% in the past week amid Beijing's measures to curb property prices.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**37**			
Earnings per share, past four quarters	**0.38**			
Dividend yield	**1.6**			
Real Estate		**0.4%**	2.4%	34.9%
Shimao Prop		**-3.6%**	1.0%	153.6%

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

Asia central banks say it with gold

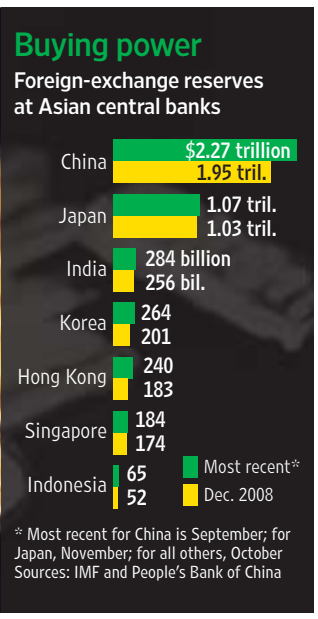
Strong dollar equals falling gold price, right? Except, perhaps, when Asia's central bankers are involved.

Three-quarters of the region's $5 trillion in foreign-exchange holdings are parked in U.S. dollars. A desire to diversify away from the greenback, though, has become evident. The dollar's share in reserve accumulation dropped to less than 30% in the third quarter, Barclays Capital estimates.

Admittedly, knowing exactly what is in central-bank reserves takes some guesswork, but analysts think most diversification in 2009 favored the euro.

Recently, gold has turned up as a second alternative. The Reserve Bank of India stirred markets when it revealed it purchased 200 tons of gold from the International Monetary Fund in October, increasing gold's share of central bank reserves to 6.4% from 3.6%.

Reuters



Even if other central banks don't start making large purchases like India's, they will likely remain a substantial buyer as reserves continue to pile up. In the 12 months through November, the banks added about $800 billion to their foreign-exchange holdings, a side effect of their efforts to slow the appreciation of local currencies.

China, which has seen its reserves rise by more than 50% in the past two years to about $2.3 trillion, has bought 450 tons of gold during the period, Merrill Lynch estimates. That is a substantial chunk in a market where annual turnover is about 3,800 metric tons. Accumulation of reserves by Asia's central banks will likely continue as long as strong regional growth and high interest rates continue to attract foreign investors.

A shift in portfolios, like India's, would only add to this, and there is scope for this to happen. Gold currently accounts for about 2% of reserves in emerging markets, Merrill Lynch calculates. That compares with a 10% average globally, and more than half of all holdings in the case of the U.S. Federal Reserve, and France's and Germany's central banks.

Asia's central bankers will move slowly, particularly with gold prices still above $1,000 an ounce. But a shift toward the global average would mean more buying in store—regardless of what the dollar does.

—David Roman

OVERHEARD

The Fed figures in plenty of nonfiction accounts of the financial crisis. Now comes the fiction. "Union Atlantic" by Adam Haslett, to be published in late January, revolves around a bank that figures it is "too big to fail."

At one point, Union Atlantic's CEO meets Harry Graves, president of the New York Fed, after bad trades put the Boston bank at risk.

"Let me start by saying," Mr. Graves tells the banker, "that if you or your board is under the impression that Union Atlantic is too big to fail, you're mistaken. There's no question here of a bailout. If you go under, the markets will take a substantial hit, but with enough liquidity in the system we can cut you loose, I hope you understand that."

"This, of course, was a bluff," Mr. Haslett writes. "Henry had already begun receiving calls from the Treasury Department."

—overheard@wsj.com

Natural gas and Exxon Mobil's chemical romance

For fans of the fuel, **Exxon Mobil**'s takeover of **XTO Energy** signals the dawn of the age of natural gas. That is good news for the U.S. chemicals industry.

Some 70% of America's production capacity for ethylene, the most common building block of chemicals manufacturing, uses gas as a feedstock. After years of hovering around $2 per million British thermal units, average annual U.S. gas prices rose sharply this decade, hitting almost $9 in 2005 and 2008.

With its main raw material suddenly expensive, the U.S. chemicals industry lost a critical competitive edge. Employment in the industry went into a marked decline from 2000 onward. The sector's capacity utilization never got above 80% in the past 10 years—the first decade that has happened since World War II.

While high prices were battering chemicals firms, they were encouraging the likes of XTO to unlock America's vast unconventional gas reserves. This new supply, along with the recent recession, pulled prices back down. The spot price today is $5.49 per million BTUs.

Equally important is that oil remains expensive relative to gas. Ethylene plants using oil-derived feedstock like naphtha are predominant outside the U.S., accounting for two-thirds of the world's ethylene capacity, says Hassan Ahmed, a partner at independent research firm Alembic Global Advisors. As the highest cost producers, plants using oil feedstock set the marginal price of ethylene. That means bigger profits for U.S. producers. At current gas prices, HSBC calculates U.S. chemical plants using gas produce a ton of ethylene for between $550 and $600. Ethylene prices right now are above $1,100 per ton.

So American chemicals output may be due a revival. In practice, though, investment in new ethylene capacity in the U.S. looks some years off. Burned by the gas price's volatility earlier this decade, and the focus having shifted to new plants in the Middle East, which also sits atop vast quantities of gas, chemicals firms would need to see a few years of stable, healthy profits before opening new plants at home.

The biggest repercussions are likely to be felt in Europe and Asia, where the bulk of the world's oil-based ethylene capacity resides. South Korean producers like **LG Chemical** and **Honam Petrochemical** perhaps face the biggest threat. At $60 crude oil and $6 gas, it costs South Korean producers using naphtha $1,015 to produce a ton of ethylene, compared with $540 a ton for U.S. gas-derived ethylene, Mr. Ahmed says. Middle-Eastern gas-based producers are even more competitive and also will target Asian markets.

—Liam Denning

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